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CORPORATION FOR PUBLIC BROADCASTING AUTHORIZATION

HEARING

BEFORE THE

SUBCOMMITTEE ON COMMUNICATIONS

OF THE

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

UNITED STATES SENATE

NINETY-EIGHTH CONGRESS

SECOND SESSION

ON

S. 2436

TO AUTHORIZE APPROPRIATIONS OF FUNDS FOR ACTIVITIES OF THE CORPORATION FOR PUBLIC BROADCASTING, AND FOR OTHER PURPOSES

MARCH 26, 1984

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CORPORATION FOR PUBLIC BROADCASTING AUTHORIZATION

MONDAY, MARCH 26, 1984

U.S. Senate,
Committee on Commerce, Science, and Transportation,
Subcommittee on Communications,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:45 a.m., in room SR-253, Russell Senate Office Building, Hon. Barry Goldwater (chairman of the subcommittee) presiding.

Staff members assigned to this hearing: Dan Phythyon, staff counsel; Tom Cohen and Cheryl Wallace, minority staff counsels.

OPENING STATEMENT BY SENATOR GOLDWATER

Senator **Goldwater**. Welcome to our hearing on S. 2436.

S. 2436, a bill to authorize the appropriation of funds for activities of the Corporation for Public Broadcasting and for other purposes, has been introduced by myself, Mr. Stevens, Mr. Hollings, Mr. Inouye, and Mr. Ford. This bill authorizes more money than in the past, mainly as a result of a discussion we had about a month ago as to what the future of public broadcasting might be if they continued to operate on decreasing funds.

The question that day was whether or not public broadcasting should go with commercial advertising. I feel very strongly against advertising at this time, because I think public broadcasing would merely move down a couple of notches. They would be in competition with the people who are not producing the quality programing that public broadcasting is now.

We are seeking the following amounts, and hopefully we might get them. We would authorize $238 million for fiscal year 1987, $253 million for fiscal year 1988, and $270 million for fiscal year 1989. That is the main provision of the bill.

In our hearings on advertising, we didn't develop any strong arguments for advertising. But it became perfectly clear that if additional public funds are not made available, public stations will need advertising or the system may fall.

[The bill follows:]

[S. 2436, 98th Congress, 2d Session]

A BILL To authorize appropriations of funds for activities of the Corporation for Public Broadcasting, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congres assembled, That section 391 of the Communications Act of 1934 (47 U.S.C. 391) is amended—

(1) by striking "and" after "1983,"; and

(2) by inserting "$50,000,000 for fiscal year 1985, $53,000,000 for fiscal year 1986, and $56,000,000 for fiscal year 1987," immediately after "1984,".

SEC. 2. Section 396(k)(1)(C) of the Communications Act of 1984 (47 U.S.C. 396(k)(1)(C)) is amended—

(1) by striking "and" after "fiscal year 1985,"; and

(2) by inserting ", $238,000,000 for fiscal year 1987, $253,000,000 for fiscal year 1988, and $270,000,000 for fiscal year 1989" immediately before the period at the end thereof.

Senator GOLDWATER. On the first panel, we have Mrs. Sharon P. Rockefeller, Chairman of the Board of Directors of the Corporation for Public Broadcasting, and Mr. Edward Pfister, president of the Corporation for Public Broadcasting in Washington, D.C.

We are very honored to have you here today, Mrs. Rockefeller, as always, and you, Mr. Pfister. So you may proceed as you care to.

STATEMENTS OF SHARON P. ROCKEFELLER, CHAIRMAN, BOARD OF DIRECTORS, CORPORATION FOR PUBLIC BROADCASTING AND EDWARD J. PFISTER, PRESIDENT

Mrs. ROCKEFELLER. Thank you very much, Senator Goldwater, and Senator Pressler.

We are very grateful for this opportunity to appear before you to speak in support of the proposed authorization of funds for CPB for fiscal years 1987, 1988, and 1989. These funds represent the full Federal contribution needed through the end of the decade. These levels, as stated by the chairman, are necessary for the system to insure the basic level of high quality service on which 100 million Americans have come to depend.

The proposed funding levels are reasonable and justified. These amounts of money are needed in 1987, 1988, and 1989 to guarantee exactly the same services which public broadcasting offered in 1982. They specifically do not include the funding needed for improved or expanded levels of services that we would all prefer.

In addition to the authorization levels, which Mr. Pfister will address in detail, and viewed from the standpoint of public policy, I respectfully request that you consider some amendments to CPB's statute. We believe that they are important and should assist CPB to better fulfill its mission. CPB needs greater discretion. This will enable us to take advantage of targets of opportunity, unknown to us today.

Moreover, we are unable at this time to anticipate precisely the needs of the system—and, they may be significant, which are presently unknown to us. To this end, we would amend the statute by striking the list of specific items and by substituting more general language. Our proposal would not remove the 5-percent cap on CPB's administrative expenses.

CPB would also propose the deletion of the so-called unrelated business income tax. In actual practice, it creates a disincentive, a negative incentive to secure additional revenues. Finally, we propose that the statute require stations to undergo annual financial audits instead of biannual—that is every 2 years—audits. CPB has found that annual audits, are consistent with prudent business practices, are no more costly and are, in fact, the present practice of the vast majority of the stations.

Public broadcasting exists to meet the critical national need for programs that the commercial marketplace cannot realistically be expected to provide—programing for children, minorities, women, the elderly, the handicapped, the home-bound.

We are particularly proud of our service to children, which is the first priority of the CPB television program fund. "Sesame Street," "The Electric Company," "Mr. Rogers," "Reading Rainbow," "3-2-1 Contact" are just a few of the dozens of excellent children's television and radio programs, watched or listened to at home and in school, and which are made possible by Federal funds. These programs are an extremely cost-efficient way to supplement declining funds for education, particularly in the fields of science, math, and basic reading skills.

Public television and public radio are the only source for weekly in-depth coverage of the Congress, for weekly documentaries, and for the daily in-depth, ad-free, national and local news and public affairs programs like the "MacNeil-Lehrer News Hour," "Morning Edition," and "All Things Considered". Public broadcasting offers programs produced by, for and about minorities and women.

Finally, it is important to recognize that the Federal investment has funded about 20 percent of the system's total costs. It is the magnet by which the remaining 80 percent can be attracted by other private and governmental sources.

Public broadcasting is an enterprise whose value is constantly tested when we ask individuals, businesses, foundations, and the States to express their support with their checkbooks. They do so generously, but the Federal contribution is the essential linchpin of the entire funding structure.

Without a basic level of funding from the Federal Government, the quality of the Public Broadcasting System as we now know it cannot survive. We are convinced that for 1987, 1988, and 1989 that basic level is represented by the figures proposed in the bill before you, and we urge that it be enthusiastically and promptly passed.

Thank you very much for your kind attention.

[The statement follows:]

STATEMENT OF SHARON PERCY ROCKEFELLER, CHAIRMAN, BOARD OF DIRECTORS, CORPORATION FOR PUBLIC BROADCASTING

Mr. Chairman and members of the subcommittee, I am grateful for the opportunity to appear before you today to speak in support of the proposed authorization of funds for CPB for fiscal years 1987, 1988, and 1989. We also appreciate the continued commitment you are making to public broadcasting by proposing authorization funding levels which represent the full federal contribution needed by public broadcasting through the end of the decade.

These levels—$238 million for 1987, $253 million for 1988, and $270 million for 1989—are necessary for our Public Broadcasting System to ensure the basic level of high quality services on which 100 million Americans have come to depend. It is also essential that the Federal funding commitment continue to be made several years in advance, to provide the stability, insulation, and long-range planning necessary to finance and produce programs and make equipment investment decisions.

The proposed funding levels are reasonable and justified. These amounts of money are needed in 1987, 1988, and 1989 to guarantee the same services that the Public Broadcasting System offered in 1982. They specifically do not include the funding needed for improved, expanded levels of service that we would all perfer. Public broadcasters must be, and are, willing to share in the national task of fiscal restraint.

In addition to the authorization levels, and viewed from the standpoint of public policy, I respectfully request that you consider amendments to CPB's statute. We believe they are important and should assist CPB to better fulfill its mission. Most importantly, CPB needs greater discretion. This will enable CPB to take advantage of targets of opportunity, unknown to us today. Moreover, we are unable at this time to anticipate needs of the system, which may be significant, but are presently unknown. To this end, we would amend the statute by striking the list of specific items and substitute more general language. Our proposal would not remove the five percent CAP on CPB's administrative expenses.

CPB would also propose deletion of the so-called unrelated business income tax. While I recognize this provision, which originated here in the Senate, was well-intended, in actual practice it creates a disincentive. Specifically, under the current law, stations which receive money from CPB, and which are required to pay unrelated business income tax must refund to CPB an amount equal to the tax paid.

CPB supports an amendment which would require that all Public Broadcasting stations establish and maintain community advisory boards. We feel that the boards are an effective vehicle for public participation for all citizens and that, in fairness, all stations should be required to have them.

Finally, CPB proposes that the statute require public broadcasting stations to undergo annual financial audits. Currently, the act calls for audits every two years. CPB has found that annual audits are consistent with prudent business practices, are no more costly, and are, in fact, the present practice of the majority of the stations.

I will now address the most important contributions of public broadcasting to the well-being of our citizenry—our programming. Public broadcasting provides a service of extraordinary value. It has become a vital part of our educational system and of our culture. Public broadcasting exists to meet the critical national need for programs that the commercial marketplace cannot realistically be expected to provide. The stations provide programming for children, minorities, women, the elderly, the handicapped and others, programming that would simply not be available without public broadcasting.

We are particularly proud of our service to children, which is the first priority of the CPB Television Program Fund, "Sesame Street," "The Electric Company," "Mr. Rogers," "Reading Rainbow," "3-2-1 Contact," are just a few of the dozens of excellent children's television and radio programs, watched at home in school, made possible by Federal funds. These programs are an extremely cost-effective way to supplement declining funds for education, particularly in the fields of science, math and basic reading skills.

Public television's and public radio's programming is essential to every American. Public broadcasting is the only source for weekly in-depth coverage of Congress; for weekly documentaries; and for the daily, in-depth, ad-free, national and local news and public affairs programs—The "MacNeil-Lehrer News Hour, Morning Edition," and "All Things Considered." Public broadcasting offers programs produced by, for, and about minorities and women; and national television and radio programs for the homebound, and for blind, deaf and otherwise-handicapped Americans.

In light of these impressive achievements, it is important to recognize that the Federal investment in public broadcasting has funded about 20 percent of the system's total costs. The Federal funds have provided the magnet by which the remaining 80 percent can be attracted from other private and governmental sources. Public broadcasting is an enterprise whose value is constantly tested when we ask individuals, businesses, foundations, and the States to express their support with their checkbooks. They do so generously, but we also know that the Federal contribution is the essential lynchpin of our entire funding structure. Without a basic level of funding from the Federal Government, the quality of the Public Broadcasting System, as we now know it, cannot survive. We are convinced that, for 1987, 1988, and 1989, that basic level is represented by the figures proposed in the bill before you. We urge that it be enthusiastically and promptly passed.

Thank you very much for your kind attention.

Senator **Pressler**. Could I interject with a question?

Senator **Goldwater**. You go ahead.

Senator **Pressler**. I would say that I am pleased to participate in this important hearing. I think the Corporation for Public Broadcasting has served our Nation well. The American public radio and television audience has grown dramatically in the past decade. The quality and integrity of this broadcasting system must be maintained. It is essential that Congress provide the necessary authorization for CPB to be able to plan for the continuation of the quality programing we all enjoy.

I would add that I think we all must make great efforts to expand the voluntary contributions and the participation by the public wherever possible. I say that as a private contributor, however small, to public radio and television in my home State.

In our State of South Dakota, many residents depend on public radio and television for a number of sources of information. It offers exposure to the arts, and it saves great traveling distances. I commend everyone involved with the South Dakota network. South Dakota State University's KESD, and the University of South Dakota's KUSD offer excellent children's programs, and the educational, cultural, and agricultural shows that South Dakotans value.

For these reasons, I have joined as a cosponsor of S. 2436. I believe CPB support for stations, program production, and distribution must be continued.

I also believe that Congress must address the need for the public telecommunications facilities program. This important grant program provides about 20 percent of the total cost of the public television stations' capital equipment. Without this funding, public television and radio service cannot be made available to the many people in the country who are still waiting for the programing we so enjoy.

With that being said, Congress must do its part, but CPB also must do their part in terms of management and fundraising. We have read and heard a great deal about some fiscal problems, and so forth. You have been through those before. I think in order to maintain the reputation and the integrity of our efforts and those of the contributors, we have to make additional efforts in those areas.

Do you have any comments?

Mrs. ROCKEFELLER. On the auditing, for example?

Senator PRESSLER. Overall management.

Mrs. ROCKEFELLER. Senator Pressler, I think the overall management of public broadcasting is exceedingly good. We had one very well-publicized exception recently, and that is the debacle at NPR. We have hoped during the last year, as we have reconstructed that situation and helped to put NPR back on its feet—NPR has a new president, a renewed board with renewed vigor in terms of their accountability and responsibility—that this would not tarnish the reputation of 444 stations, which are well run, of PBS and of the Corporation for Public Broadcasting, which I modestly admit is exceedingly well run by our president, Mr. Pfister.

We specifically brought up, in fact, the amendment about the annual audits partly in recognition of this situation. Although we understand the rationale behind the biannual audit provision that is currently in our statute, we would like to point out that all but 5 of the 176 public television stations do undergo annual audits. Four of those five are in Tennessee. The stations wanted to do the audit; the State did not do it for them. The fifth example, I can't explain to you. In short, all but a handful of the public radio stations do, in fact, conduct annual audits.

If you allow 24 months to pass before you can potentially discover a problem, it is obviously entirely too much time. We are very much aware of our oversight and accountability functions. We promise to do all that we can to make sure that this Federal money is well spent and prudently spent.

Senator **Pressler**. My other question is a philosophical one. Some surveys show that the audience of public radio and television is middle- and upper-income people, more so than lower income people. I know there are great disputes about that. We are using public funds here, and we are using tax deductions for the contributions. Is this audience best able to pay for their own radio and television? Also, what can we do to get more private contributions?

Is it true, indeed, that public radio and television are something that is most enjoyed by those in the upper income brackets? There is nothing wrong with that. There is nothing wrong with the Government paying for programing that appears to those in the upper income brackets. But as we go forward in spending these dollars, what are the demographics?

Mrs. **Rockefeller**. Senator Pressler, I would like to be able to provide for the record the exact demographic breakdowns for the viewership of public television and for public radio. In fact, I have right here before me, a number of charts. In general, the breakdowns are by education, income level, geographic distribution. We have found that it is very difficult to dispel this myth of public broadcasting being a service for the upper income or the overly educated in our society—although I don't think that anyone can be overeducated.

Our charts and graphs will show you that this simply is not true. If people happen to see a ballet in prime time, they cannot write off what has been on the television for the rest of the 18 or 24 hours. One-third of our hours is instructional, straight-out instructional in nature for the schools. There are programs for minorities, for women, for many other demographic breakdowns.

We try to maintain excellence and high quality, but these to me are not synonyms for elitism.

[The charts follow:]

1983 PUBLIC RADIO LISTENING

[Percent of all adults 18+]

Demographic	USA total (n=2000)	Ever listened to public radio (n=434)	Listened to public radio in past 7 days (n=177)	Regular listener each week (n=132)
Sex:				
Men	47	51	50	51
Women	53	49	50	49
Age:				
18 to 29	30	30	33	27
30 to 44	26	30	29	33
45 to 59	23	25	25	26
60 and over	22	15	13	14
Income:				
Under $10,000	23	15	12	14
$10,000 to $20,000	27	22	23	23
$20,000 to $30,000	26	30	25	26
$30,000 and over	23	33	39	37

1983 PUBLIC RADIO LISTENING—Continued

[Percent of all adults 18+]

Demographic	USA total (n=2000)	Ever listened to public radio (n=434)	Listened to public radio in past 7 days (n=177)	Regular listener each week (n=132)
Race:				
White	86	85	82	82
Black	12	14	17	16

Source: Roper Report on "Survey of Public Awareness of Public Radio 1983" (October/November 1983).

1983 PUBLIC RADIO LISTENING

[Percent of all adults 18+]

Demographic	USA total	Ever listened to public radio	Listened to public radio in past 7 days	Regular listener each week
Geographic residence:				
Northeast	23	28	29	27
Midwest	27	31	29	28
South	32	22	25	26
West	18	19	16	20
Market size [1]				
A county	36	37	29	33
B county	31	34	37	36
C county	23	23	27	24
D county	10	7	7	6
Education:				
Some college and college graduate	37	54	62	64
High school graduate	37	32	27	26
Not high school graduate	25	13	11	9
Occupation:				
Executive/professional	14	22	26	27
White collar	16	21	20	17
Blue collar	26	24	18	22
Religion:				
Protestant	56	53	53	53
Catholic	30	28	28	23
Political affiliation:				
Democrat	49	51	56	57
Republican	23	23	20	18
Independent	25	24	23	24
Political philosophy:				
Conservative	43	43	41	38
Moderate	32	27	25	29
Liberal	21	28	32	31
Have children:				
Under 13	29	31	32	34
13 to 18	14	16	15	15
Other variables:				
Political/social activists	11	20	27	27
Union members	12	12	12	12
1 or 2 person families	48	46	50	48
Employed women	26	29	29	31

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[1] Market Sizes are defined as: A County—All counties in 25 largest Standard Metropolitan Statistical Areas (SMSA) (Population of more than 150,000). B County—All counties not in A but with county population of 150,000 plus or in SMSA's of 150,000 plus population. C County—All counties not in A or B with populations of 40,000 plus or in SMSA's of 40,000 plus population. D County—All remaining counties.

PTV PENETRATION [1] INTO DEMOGRAPHIC GROUPS—4 WEEKS (FEBRUARY 28–MARCH 27, 1983)

	Full day			Prime time		
	1982	1983	Percent change	1982	1983	Percent change
Composite	73.2	74.7	+2	54.1	57.5	+6
Race:						
White	75.2	75.6	+1	57.6	59.5	+3
Nonwhite	62.0	69.5	+12	34.8	45.6	+31
Children:						
None	68.6	71.3	+4	52.5	57.8	+10
Any	80.2	79.9	0	56.5	57.1	+1
Any 12 to 17	80.6	82.6	+2	59.9	63.7	+6
Any 6 to 11	78.7	81.4	+3	55.9	57.7	+3
Any less than 6	81.1	77.4	−5	53.0	50.3	−5
Education:						
Fewer than 4 years high school	64.6	67.8	+5	44.2	50.1	+13
4 years high school	74.5	75.3	+1	53.9	55.6	+3
1 to 3 years college	77.7	76.8	−1	53.1	59.6	+12
4+ years college	80.9	82.2	+2	71.1	70.3	−1
Occupation:						
Professional/owner/manager	82.5	84.3	+2	64.1	68.3	+7
Clerical and sales	77.1	80.4	+4	59.5	64.2	+8
Skilled and semiskilled	69.9	71.0	+2	48.4	48.1	−1
Not in labor force	67.1	68.2	+2	49.9	56.5	+13
Income:						
Less than $10,000	59.3	62.7	+6	40.0	45.7	+14
$10,000 to $19,999	71.3	71.0	0	52.2	55.4	+6
$20,000 to $29,999	78.1	77.3	−1	58.1	56.1	−3
$30,000+	83.9	84.9	+1	65.9	69.0	+5
Age:						
Less than 35	70.2	73.2	+4	47.8	48.9	+2
35 to 49	79.8	79.6	0	61.0	62.3	+2
50 to 64	NA	76.2		NA	63.5	
65+	NA	69.2		NA	58.1	
County size:						
A	75.2	79.0	+5	60.0	60.3	+1
B	73.6	75.0	+2	50.0	59.3	+19
C and D	69.9	68.1	−3	49.8	51.5	+3
Cable:						
Noncable	NA	71.4		NA	53.8	
Pay cable	NA	81.9		NA	64.2	
Basic cable	NA	80.3		NA	65.3	

[1] "Penetration" = monthly cume for a specific demographic group.

Source: Nielsen Television Index.

Mr. PFISTER. Senator Pressler, if I might add just one footnote. All of our studies and analyses of our audiences show very clearly that since about 1979 or 1980, public television, and public radio, increasingly are drawing audiences that reflect almost perfectly the breakdown economically, educationally, sociologically, racially of this Nation. So it is a myth, sir, and we are having a terrible time dispelling it, but it is a myth.

Senator Pressler: Some people say: "Well, public broadcasters make certain claims prior to getting on the air, but once they are on the air, they want to do the same thing as the broadcasters do, they want to give the news just like the other stations that must go out and sell ads. They want to compete for audiences just like the other stations. Once they are on the air, there is a tendency for that."

For example, I believe you mentioned the MacNeil-Lehrer Hour. What is the difference, or the need for that, as compared to the network news?

Mrs. **Rockefeller**. Could I start, and then Ed will finish up, because this is a favorite topic for both of us.

I mentioned three programs, and they are the three best known—the "MacNeil-Lehrer News Hour," "Morning Edition" on public radio, and "All Things Considered." The commercial network broadcasts give you 22 minutes of national and international news, and 8 minutes of commercials. It is a headline service. It tells you in 30 seconds what happened for perhaps 40 different items.

The "MacNeil-Lehrer Report" is the precise opposite. It may take the full 22 minutes to explain the newest wrinkle, or proposal, or progression in the attack on the budget deficit, or whatever is the most important question for today.

I could almost guarantee that the elections in El Salvador would have at least 15 minutes or more of coverage, so that people can understand the nature and depth of this issue, and how it affects the United States as well.

The question is one of intensity of coverage. The assumption is that many people don't know all of the history behind each of the issues which are before us and, therefore, need a little history and explanation along with the presentation of the daily news.

Mr. **Pfister**. I have nothing to add, Senator. Mrs. Rockefeller has made it very clear. It is clearly alternative programing. There is nothing like it on commercial news. On commercial stations or on commercial networks, the "MacNeil-Lehrer News Hour" would fail, sir. It just would not be able to succeed in commercial terms.

Senator **Pressler**. Thank you.

Senator **Goldwater**. Thank you.

Mr. Pfister, do you have a statement?

Mr. **Pfister**. Thank you, Senator.

Mr. Chairman, Senator Pressler, I join Mrs. Rockefeller in thanking you for this opportunity to visit with you once again and to discuss the extraordinary need for public and educational broadcasting in this country.

Mr. Chairman, for the record, I would like to submit a lengthier statement. However, I would like to take a few moments to emphasize and amplify some parts of that statement.

Public broadcasting does its best and its most efficient work when it is given adequate funding and adequate time for planning for the use of those funds. As you pointed out, Mr. Chairman, when introducing S. 2436, forward authorizations and advance year appropriations are essential parts of this program and have been since 1975. We urge you today to reinforce the Senate's commitment to long-range authorization and advance year appropriations.

We have already advised the Appropriations Committees—and I want to state here today as emphatically as you will permit me, sir—that the administration's request for rescission in 1986 would be disastrous for public broadcasting. In my view, that rescission, if accepted, could well be the blow that brings this already financial fragile institution to its knees, and, I might add, contrary to the supplemental authorization this subcommittee obtained for CPB in the FCC Authorization Act of 1983.

I don't want to be overly dramatic, but we are speaking of an institution which has already had significant decreases in its Federal funding base. On the basis of our experience with the Federal cuts enacted in fiscal years 1983 and 1984, we are able to report to you today that the community of public broadcasting cannot make up for those cuts no matter how enterprising we are.

The harsh reality is that at the present level of funding for fiscal years 1984, 1985, and 1986, it is clear that we will have to decrease, and in some instances eliminate, services which have enabled this institution to build its credibility and thereby gain additional non-Federal support.

What I am trying to say, Mr. Chairman, is that because of our current levels of Federal funding, we are in a classic catch-22 situation. As we decrease or eliminate our services, the public and the private sector, in turn, decrease their support, which in turn causes further decreases in our service. Accordingly, as you know, sir, we have asked for, and you have approved, supplemental authorizations for 1984, 1985, and 1986.

If Congress appropriates the supplemental money for the next 3 years, public broadcasting will be in a position to stop the erosion of its services. Once having stopped that erosion, we will be in a position to begin once again to move forward.

In my accompanying written statement, I have spent a good deal of time justifying our request for $238 million in fiscal year 1987, $253 million in fiscal year 1988, and $270 million in fiscal year 1989 from a financial point of view. I would like to take a few moments to emphasize now the other side of that coin.

In 1980 and 1981, public broadcasting was for the first time in a position to begin to fulfill its promise. As I stated a moment ago, we are now seeing the erosion of that promise. Funding at the levels we are requesting, will enable us to return to fulfilling that promise in these ways:

(1) We will be able once again to move toward the completion of this Nation's public radio system, an extraordinary service, which is still denied to about 30 percent of our population;

(2) We will be able to continue to examine educational and public service applications of new technology such as Teletext, Videotext, Interactive Cable, Video Disc, Digital Audio, and Direct Broadcast by Satellite. If the educational community and the public are to be fully served by all of these technological developments, CPB and Public Broadcasting must get back to work. We will be able to get back to work at the levels of funding we are requesting;

(3) Public Broadcasting has made enormous inroads into providing services for every part of this society. The diversity of our audiences, and the diversity of our services has been one of our proudest accomplishments. Now we are forced to hold on to those accomplishments by our fingertips. We want to get on with it. We would like to widen our beachhead;

(4) In 1980 and 1981, primarily because of the commitment of the Congress, Public Broadcasting for the first time was in a position to put the American creative community center stage. Our writers, our artists, our producers, our directors, all were being increasingly

active. Some of that work was experimental, and some of it was traditional. For the most part what resulted was world class programing with a very proud "Made in the United States" stamp on it. That is no longer the case. This is the most expensive kind of programing, and we are being, step by step, pushed away from it; and

(5) Perhaps most important of all, we have had to stop in midstream the extraordinary work that this institution does in the important areas of children, public affairs, and educational programing. The plans are there, all we need now is your approval on this authorization bill and, of course, the funds appropriated so that we can get moving again.

Perhaps, Mr. Chairman, in my lifetime, a piece of technology called the "microcomputer" will replace the pieces of technology called "television and radio" in terms of the impact on this society. I think not, but even if I am wrong, I don't think that the American people can wait 20 years to find out.

The penetration and use of television and radio in this country are the most extraordinary media success stories in the history of man. I will not diminish the contribution and the value of commercial media to this society. I will, however, say that the commercial media are not enough.

The Congress of the United States has helped establish for the past 16 years an extraordinary institution, the only one of its kind on this globe, American Public Broadcasting. Accordingly, I make a direct plea today. I ask for your support to help us get on with its development.

Thank you.

[The statement follows:]

STATEMENT OF EDWARD J. PFISTER, PRESIDENT, CORPORATION FOR PUBLIC BROADCASTING

INTRODUCTION

Mr. Chairman, members of the Subcommittee, I join Mrs. Rockefeller in expressing my appreciation for this opportunity to appear before you today on behalf of the Corporation for Public Broadcasting (CPB).

I will describe briefly for you where we are in the appropriations' process, recognizing that bill, S. 2436, before you today is key to the successful completion of that process. Then, I will address how CPB, taking into account the Supplemental Appropriations Authorizations for fiscal years 1984, 1985, and 1986, as provided for in the Federal Communications Commission's Authorization Act of 1983 (Public Law 98-214), developed its Forecasting Model of Public Broadcasting Needs. This model provides the base for the requested authorization levels for fiscal years 1987–1989, inclusive.

But, first, Mr. Chairman, I would like to thank you and the Subcommittee for the support you have given public broadcasting in the past, and which you continue to offer. This Subcommittee has consistently demonstrated its support for the services provided the American public through public television and public radio. We are, course, deeply grateful. We believe that we can assure you that the American public has been well-served by the investment that you have made in public broadcasting.

Mr. Chairman, perhaps one of the most essential elements in the current structure of federal support of public broadcasting is represented by the bill, S. 2436, before you today. This forward authorization, advance-year appropriation concept provides a rational, predictable, long-range financing arrangement. It was recommended by the original Carnegie Commission report on public broadcasting and became a reality in its present form through the unified efforts of the public broadcasting community, the Congress, and the Executive Branch in 1975.

This advance-year concept has given public broadcasting the opportunity to plan, to grow in a stable environment (when adequate appropriations were available) and, most important, to be insulated from potential interference with programming through unexpected or reactive reductions in appropriations. This concept has received solid endorsement from every Congress since 1975 and was reaffirmed in 1981.

It is in the furtherance of this same concept that I appear before you today to testify in support of the bill, S. 2436. But, before doing so, allow me to outline briefly where we are in the current appropriations process.

APPROPRIATIONS HEARINGS

On February 23, CPB testified before the House Appropriations' Subcommittee on Labor, Health and Human Services, and Education; and on February 28, before the Senate counterpart Appropriations' Subcommittee. In each of these appearances, CPB requested that the respective Subcommittee—

Deny the rescission of $20 million for fiscal year 1986 (from $130 to $110 million) asked for by the Administration because the effect of the proposed rescission would be disastrous for public broadcasting, and is contrary to the actions of this Subcommittee in passing CPB's Supplemental Appropriation for that same year;

Grant the Supplemental Appropriations authorized by this Congress, through the leadership of this Subcommittee and its full Committee, as well as the House Committee on Energy and Commerce, in the Federal Communications Commission Authorization of 1983 (Public Law 98-214); and

Grant an appropriation of $238 million for fiscal year 1987, enabling CPB to resume its role as a primary and most important catalyst for the growth and development of public broadcasting.

It is in this posture, Mr. Chairman, that we appear before you today—grateful for you leadership in securing the Supplemental Appropriations Authorization, which could arrest the erosion of excellence in public broadcasting. Yet, we continue to be evermindful of the need to build upon that base and to move forward in the latter part of the decade of the eighties.

PRIOR CPB FUNDING REDUCTIONS

I hasten to note that the Congress has required that public broadcasting accept its fair share of reductions in federal contributions to all areas of the budget. We, in public broadcasting, have accepted these reductions and more. But, the Congress also has recognized that this valuable resource should not be decimated; that the past federal investment in public broadcasting should not be squandered.

The years since the passage of the Omnibus Budget Reconciliation Act of 1981, which cut the level of funding for public broadcasting from fiscal year 1982 to fiscal year 1984 by a dramatic 25 percent, have been difficult times for public broadcasting. The public broadcasting community has tried its best to maintain the highest possible level of service to our viewers and listeners. This has been achieved through a series of cuts to achieve even greater economies, by innovative efforts to use our excess satellite capacity and facilities to produce additional revenues, and by increased emphasis on fundraising. Nevertheless, the cuts have taken their toll.

Because of the advance-year authorization and appropriations mechanisms, CPB and the stations have been able to project what the impact of dramatically reduced appropriations levels in fiscal years 1984, 1985, and 1986 are and will be in terms of services previously delivered and still expected by the American public. The lower funding levels are resulting in:

A 23 percent reduction in community service grants for television and a 12 percent reduction in national television programming;

A 14 percent reduction in funds available for radio community service grants and national radio programming;

Reductions in the ability to promote awareness of public broadcasting, an awareness which also serves to stimulate private giving;

Reductions in funding available for the expansion of services to unserved areas;

Curtailment of continuing efforts to diversify employment and programming; and

Reductions in support of research into technological improvements for public broadcasting and the entire telecommunications industry.

The impact of the budget cuts is severe and has already been visited on all public broadcasting stations since they were required to start making cutbacks as early as 1982 in anticipation of the fiscal year 1983 appropriations reductions.

But, perhaps John J. O'Connor, writing in his Sunday New York Times column, "TV View" of March 18, 1984, entitled, "Are Channel 13's Viewers Being Short-changed?", placed the effects of these cuts in perspective. After asking the rhetorical question, "Were things ever very different for WNET/13 and public television in general? Mr. O'Connor went on to observe that Channel 13 was indeed different in earlier times when it was adequately funded.

". . . The place was indeed jumping, but eventually what shold have been the further expansion of public television along these lines was sharply curtailed by funding cutbacks, especially in revenues that were anticipated from the Federal Government.

* * * * * * *

"Viewers have continued to be remarkably supportive, even as the basic subscription request has jumped from $35 to $50. The unavoidable question is: Will they continue to pay more and more for what, within the present scheme of things, is likely to be less and less? . . . In the end, . . . there remains the ideal if excellence, not the idea of acceptability."

And, bearing that haunting spector in mind, Mr. Chairman, I now address the substance of today's hearing, S. 2436, expressing guarded optimism and hope that the Supplemental Appropriations you were instrumental in authorizing in the last Session, will serve, when coupled with the authorizing funding levels of S. 2436, to enable CPB to help rebuild public broadcasting for the balance of this decade of the eighties.

S. 2436, REBUILDING FOR THE BALANCE OF THE DECADE

S. 2436 provides authorization for appropriations for both CPB and the Public Telecommunications Facilities Program (PTFP). I shall first address those for CPB.

For CPB, the bill, S. 2436, would authorize to be appropriated for fiscal year 1987, $238 million; for fiscal year 1988, $253 million, and fiscal year 1989, $270 million. These figures are identical to those forecast by CPB, using its Forescasting Model of Public Broadcasting's Needs, and for which we are grateful to you, and to your colleagues who co-sponsored this legislation—Senators Stevens, Hollings, Inouye, and Ford.

In developing these financial projections for public broadcasting, CPB approached the forecasting problem by examining the actual cost of maintaining the level of broadcasting services offered in fiscal year 1982, independent of the income outlook for the system. Thus, fiscal year 1982 was the base, not any unrealistic "wish-list."

These "base case" financial projections represent the cost of maintaining as "current services" the programming and facilities offered fiscal year 1982. The "base case" program services continue the same mix of programming, quantity of new program production and acquisition, the existing system of broadcasting facilities and the existing staffing of stations and supporting organizations which existed in 1982, projected to the outyears of fiscal year 1987 through fiscal year 1989.

The cost projections are based on public broadcasting's historical experience of cost inflation for its specific functional activities, as a system. And, the economic projections of inflation and economic activity which drive the projections are contained in the President's Budget Message of January 1983, which are similar to those of the Congressional Budget Office.

Moreover, cost projections have been based on fiscal year 1982 data for systemwide costs in six functional categories: (1) Programming and production; (2) broadcast and distribution; (3) program promotion; (4) general management and administration; (5) fundraising from individuals; and, (6) underwriting and grant development from business and foundations. Future cost increases for the first four categories have been projected on the basis of historical increases in unit costs for each category; the last two—fundraising and development—as a percentage of the independently forecast income estimates, on the assumption that the cost of raising funds will remain a constant share of the funds raised.

The forecast for income from nonfederal sources are similarly based on historic relationships between public broadcasting income and the growth of sources from which that income in derived--state and local government revenues, personal income and corporate profits.

Once income from each nonfederal source has been estimated—based on the projected economic conditions—the difference represents the unfunded need which, in the past, has been the federal contribution. Specifically, in this instance, the result is the authorized funding levels of $238 million, $258 million, and $270 million sought for fiscal years 1987, 1988, and 1989, respectively.

This, then, Mr. Chairman, is a thumbnail sketch of the methodology employed by CPB in developing the funding levels it proposes for fiscal years 1987-1989, inclusive. And, while at first blush, these funding levels may seem high, especially when compared to historical levels, I can assure you they are not. Rather, I wish to emphasize that these proposed levels will enable us only to maintain "current services" at the fiscal year 1982 level. We know, for example, that even spending the same amount of money for a package of programs as was spent in 1982 resulted in a smaller quantity of new programming in 1983. In short, these proposed funding levels are neither exorbitant, nor are they a panacea for all the current financial ills of public broadcasting.

Mr. Chairman, so that I can avoid further detailing of the methology of CPB's forceasting, I request that I be permitted to insert at the end of my prepared testimony a paper entitled, "Forecasting Model of Public Broadcasting's Needs," inviting your attention to Table 1 of this paper which sets forth the base case financial projections by category to which I have spoken.

I now would like to turn to an explanation of what these funding levels would enable CPB to accomplish.

Specifically, these levels of funding, as provided for in S. 2436, would allow increases in Community Service Grants to restore station's lost purchasing power. They would allow for the rebuilding and modernization of services and facilities which have been postponed during this budget-cutting era but can be postponed no longer. The funds would allow CPB to redirect a greater portion of its resources to its priority programming, particularly children's and educational programming.

The vacuum in the educational agenda for America's children, particularly in the area of science, math and reading skills, is a subject of increasing public concern indeed, alarm. Public television is a unique asset that can be applied to meet these needs with creative, educational programming that can supplement classroom teaching. The National Science Board has found that public television programming provides an important opportunity to reinforce the lessons of the classroom and lend meaning and revenue to the vigor and discipline of formal study. We have already intended modest efforts in this direction with programs such as "Reading Rainbow," "3-2-1 Contact," "Nova," "Community of Living Things," and "Human Community." However, to move aggressively to meet this gap in the formal educational programs available to our children, we need additional money. This year we are embarking on a Children's and Educational Initiative, which will result in a fifteen year strategy for using telecommunications to reinforce the educational experience of children and adults of each state of their development in a broad range of subject matters, including math, science, and languages. This strategy will provide a blueprint for all sources of programming and media. By the year 2000, we would hope to be able to serve all Americans from the age of two through their adult learning years with a choice of educational programming in both formal and informal settings.

To place the potential impact of some of this children's programming in sharper focus, the viewing audience for "3-2-1 Contact," the science series for children produced by the Children's Television Workshop to which I alluded earlier and a recipient of CPB funding, has grown significantly over the past three years. Audience measurement studies by the A.C. Nielson Company reveal that viewership by 6 to 11 year olds was up 13 percent last fall, compared to the winter of 1980, when the series premiered. It also scored well with older and younger children. Three million households with a child 12 to 17 tuned into the new season of programs last fall, 16 percent more than for the first or sixth runs of the first group of shows, and 5.4 million households with a child under 6 viewed the new season of programs, about the same number that saw the first run, but 35 percent more than for the sixth run.

CPB also is currently evaluating alternatives for serving the special audiences of America—the visually impaired, the hearing impaired, and the elderly or homebound—with programming by broadcast means and nonbroadcast means. This includes the exciting potential or braille printers or audio playback on microcomputers for the blind, and the use of teletext to provide information to the hearing imparied.

We are also initiating a new evaluation of the needs and interests of minority viewers and listeners, pursuing audience data not now available, so that we can increase our programming for minorities even as we pursue programming by and about minorities. We believe this investment to be a cost-effective proposal that will benefit the country's most treasured resource, its young people.

In addition, the appropriation levels authorized in S. 2436 will permit CPB to continue its investment in the production of instructional programs, which is a condition to CPB's retention of the grant made by The Annenberg School of Communications for post-secondary instructional programs.

Finally, these funding levels would permit CPB to resume a more productive level of the activity it does best—providing directly, and stimulating the provision of high quality, diverse, creative, innovative and excellent programming for the Nation's television and radio audiences.

The list of programmatic successes made possible by CPB program investments is long and well-known to this Subcommittee. Much of the public broadcasting programming, which has set new standards of excellence for television, has resulted from direct CPB investment, or from CPB financial assistance which lowers the price to public broadcasting stations of this fine programming. CPB has provided as base of high quality programs for public television and public radio stations to build upon and also has provided the means of access for new sources of creativity and innovation, as well as specialized programming aimed at groups in our society typically underserved by any other broadcast media.

CPB provides the only significant and stable source of funds for these program activities. It will only be with appropriation levels authorized in S. 2436 that CPB can continue these activities at any reasonable level of commitment.

PUBLIC TELECOMMUNICATIONS FACILITIES PROGRAM

S. 2436 also authorizes appropriations for the Public Telecommunications Facilities Program (PTFP) for fiscal years 1985-87, inclusive, at levels of $50 million, $53 million, and $56 million, respectively.

Certainly, this is an area to which my colleagues from the National Association of Public Television Stations (NAPTS) will direct their comments. Yet, it is a program that is integral to CPB's goal since it provides the means for delivering radio and television programming. Therefore, we urge Congress to address the adequacy of the facilities on which public broadcasting is dependent for the transmission of its programming.

PTFP currently is severely underfunded, both in terms of applications and allowable projects. And, this situation prevails at a time when there is a need to extend telecommunications services to areas of the United States not now served, as well as a pressing need to restore and upgrade the infrastructure of existing facilities. In short, there is a need to both extend and preserve our telecommunications facilities.

I therefore heartily endorse and support the PTFP funding levels sought in the bill, S. 2436, now before you.

OTHER RELATED ISSUES

Mr. Chairman, the bill, S. 2436, now before you is a straight funding measure, authorizing appropriations for both CPB and PTFP. However, with your indulgence, there are five substantive amendments to the Communications Act that CPB's Board of Directors has asked that I convey to the Subcommittee.

First, CPB recommends an amendment to 47 U.S.C. 396(k)(3)(A)(i) to remove from the language allocating ten percent of the appropriation to those listings of specific activities that restrict CPB's areas of expenditure. CPB has committed to most of these areas of expenditure by separate contracts and side agreements. By removing these restrictions in the law, CPB will have greater flexibility to respond to the changing financial needs of public broadcasting. The goal of the original provision has been achieved and the residual statutory restrictions on CPB's discretion were never intended.

This CPB proposed amendment would not remove the five percent cap on administrative expenses with which CPB has consistently complied.

Second, in view of the amendment proposed above, CPB recommends a conforming amendment to strike 47 U.S.C. 396(k)(3)(A)(iv) and (A)(v). Deletion of these sections would delete reference to the statutory requirement to pay 50 percent of interconnection costs, and to return 50 percent of interconnection revenue to the stations. These issues are already handled by long-term interconnection contracts with PBS and NPR. The amendment would also delete the so-called "6 percent trigger" protection for CPB. CPB feels that if it is granted greater discretion over the money allocated to CPB, it should no longer rely on protection from the stations if the investment in fixed costs exceeds a certain percentage. It fact, although CPB has been faced at least twice with circumstances that would have allowed it to activate the trigger, it has refrained from doing so. The trigger would allow CPB to deduct amounts from the Community Service Grants to pay for excess fixed costs, such as interconnection and copyright royalties.

Third, CPB would recommend deleting 47 U.S.C. 396(k)(8). This provision requires that public broadcasting entities, which receive funds from CPB and which are required to file a tax return declaring unrelated business income from the commercial activities permitted under the Act (see Section 399B), must refund to CPB an amount equal to the unrelated business income tax paid.

CPB has long felt that this provision was unfair and punitive and created a disincentive to that created by Section 399B.

Section 399B encourages the station to use surplus capacity and facilities to generate additional revenue to supplement the federal funding base.

Fourth, CPB would propose that 47 U.S.C. 396(k)(9)(A), (k)(9)(D), and (k)(9)(E) be amended to remove the exceptions to the requirement that all public broadcasting establish and use community advisory boards. Currently, stations which are licensed to states, political or special purpose subdivisions of states or public agencies are not required to have community advisory boards. This provisions would return to the 1978 requirement that all stations maintain these boards.

CPB feels that the use of this effective vehicle for public participation should be expanded, not restricted.

Fifth, and finally, CPB would recommend that 47 U.S.C. (1)(3)(B)(ii) and (1)(3)(B)(iii) be amended to change the frequency with which public broadcasting stations undergo financial audits. The current provisions requires conducting an audit and filing the results with CPB every two years. CPB's proposed change would require this to be done every year. CPB believes that annual audits are consistent with prudent business practices, will not impose significant costs, and reflect the present practice of many stations.

In candor, Mr. Chariman, I must tell you that there is unanimity of support within the public broadcasting sector for only the third proposed amendment to the statute—deletion of the unrelated business income provision. On all others, it is my understanding that there is some opposition.

On the matter of extending the requirements for community advisory broads, CPB views this equalization to all stations as good public policy. CPB believes that requiring audits on an annual basis, rather than every two years, is nothing more than sound business practice that permits prompt reaction to financial problems.

However, CPB also believes that logic and sound business practice support a greater degree of discretion for CPB in the application of its funds to system needs. It is only with this limited increase in discretion that CPB can serve as a flexible oversight institution, able always to assess the competing needs of the public broadcasting system. Our experience of this past year has taught us that critical financial needs of the system cannot always be anticipated, but must be resolved if the program service to the public is to be preserved.

We do not know when CPB will next be called upon to act to salvage an important public investment, or to invest in an unexpected opportunity that may offer great promise. We do know that our discretion is now so limited that we may not have the flexibility to act as we would choose and as the needs of public broadcasting would require.

CONCLUSION AND SUMMARY

In summary, Mr. Chairman, I wish to convey to you, and to your distinguished colleagues on the Subcommittee, CPB's wholehearted endorsement of the authorization funding levels provided for in S. 2436, both for CPB and for PTFP. On that issue, the public broadcasting community is in complete accord.

As for the substantive amendments to the statute, I, personally, commend them to your attention on their merits. I believe the soundness and logic of these amendments speak for themselves.

And, I conclude with a final throught on public broadcasting's highest's priority mission—education. As I noted earlier, the current vacuum in the educational agenda for our children, especially in the area of science, math, and reading skills, is the subject of increasing public concern, if not alarm. It is decried by many. Yet, solutions are offered by few.

As the President, himself, observed when reinforcing his own personal commitment to excellence in education in his State of the Union Message this past January:

". . . every family has a personal stake in promoting excellence in education . . . . Excellence must begin in our homes and neighborhood schools, wher it is the responsibility of every parent and teacher and the right of every child.

"Our children come first . . . . Schools are reporting progress in math and reading skills. But we must do more . . . and we must encourage the teaching of new basics. . . ."

CPB's children's educational programming is a powerful medium. It can and does supplement the necessary excellence in education. But, most important, CPB's educational programming can and does enter the homes of citizens throughout this great nation, and that, as the President noted, it where excellence in education must begin.

Certainly, this Subcommittee has demonstrated its understanding of the mission we at CPB have undertaken. We strive to serve the American people through cultural, educational and public affairs programming that would otherwise be unavailable. Because of you, public broadcasting plays a vital role in our society.

Without us, television would consist primarily of what many of us perceive to be uninspired programming that appeals to the lowest common denominator in taste. In addition, there is every reason to believe that, without us, important programming needs of children, the elderly, minorities, and handicapped audiences will not be served.

Without us, radio would be deprived of important news and public affairs programming, as well as programs targeted for special audiences, including the handicapped and minorities.

You have supported us in our mission. I trust you will continue to do so.

Thank you for this oppportunity to appear before you today. We would be pleased to respond to any questions that you may have.

Attachment.—Amendments Proposed by Corporation for Public Broadcasting

1. Section 396(k)(3)(A)(i) of the Communications Act of 1934 is amended to read as follows:

"(3)(A)(i) The Corporation establish an annual budget for use in allocating amounts from the Fund. Of the amounts appropriated into the Fund for allocation for any fiscal year—

(I) not more than 5 percent of such amounts shall be available for the administrative expenses of the Corporation;

(II) not less than 5 percent of such small amounts shall be available for other expenses that the Corporation deems necessary to incur to achieve the objectives of this subpart, except that the total amount available for obligation for any fiscal year under this subclause and subclause (I) shall not exceed 10 percent of the amounts appropriated into the Fund available for allocation for such fiscal year;

(III) 75 percent of the remainder (after allocations are made under subclause (I) and subclause (II)) shall be allocated in accordance with clause (ii)(I); and

(IV) 25 percent of such remainder shall be allocated in accordance with clause (iii)."

2. Sections 396(k)(3)(A)(iv) and 396(k)(3)(A)(v) of the Communications Act of 1934 are repealed.

3. Section 396(k)(8) of the Communications Act is repealed. Subsection (9) is redesignated as subsection (8) and subsection (10) is redesignated as subsection (9).

4. Sections 396(k)(9)(A), (k)(9)(D), and (k)(9)(E) of the Communications Act of 1934 are amended by deleting the parenthetical phrase in the first sentence of each section.

5. Section 396(l)(3)(B)(ii) and Section 396(l)(3)(B)(iii) are amended by changing the word "biannual" to "annual" in the first line of subsection (3)(B)(ii) and by changing the word "biannually" to "annually" in the first line of subsection (3)(B)(iii).

Senator Goldwater. Thank you very much, Mr. Pfister.

Larry, do you have any more questions?

Senator Pressler. No.

Senator Goldwater. This is for either one of you. You have recommended removing the specific allocations criteria set out in section 396(k)(3). Could you expand on how this section restricts CPB's flexibility?

Mrs. Rockefeller. Senator Goldwater, if I could just take 1 minute to explain our position.

We view this question, or the issue, as one of principle. Is it better public policy for CPB to have some discretion within its 10 percent of the formula or not? Obviously, our answer is, yes.

When the formula was established in 1981, it represented what CPB was doing with its budget that year. For practical reasons and practical purposes, we certainly go along with the continuation of the overall formula, or 90 percent of it. We are now addressing but

10 percent, and we are acknowledging that a five percent administrative cap within that 10 percent is legitimate.

However, the generalized authorizations and responsibility of the act require that CPB have some more flexibility and discretion to respond to the needs of the system. The needs of 1984 are very different from what they were in 1981. The needs of 1989, which we are now discussing today, cannot be predicted sitting here in March 1984. So there should be some latitude or flexibility within CPB to respond to future needs and future opportunities.

Parenthetically, I point out to you that CPB has no emergency reserve fund should some disaster occur. CPB has a clear track record of fiscal management for the good of the system. We believe that this track record warrants greater discretion within a very small portion of our budget.

We interpret the statute as requiring at least some expenditure in each of the areas that are listed: Research, training, technical assistance, engineering, instructional support, satellite debt, copyright, and interconnection. Accordingly, CPB has contracts and agreements which are encouraged by the conference report of 1981 Act to cover its key responsibilities, such as interconnection costs and the satellite debt. We determine the copyright commitment on an annual basis.

Examples of the opportunities and activities that CPB might choose to undertake, if some discretion were enhanced, would be the following:

In 1983, we had a challenge grant program—this would be my No. 1 example to you. CPB put up $5 million, and challenged the stations, on a 3-to-1 match, to raise an additional $15 million. So if you add the 5 and the 15, you get $20 million, which was leveraged and almost fully made up the gap in the community service grants for all of the stations, because that was the first year of the budget cuts. With $5 million, we turned that into a total of $20 million.

Currently, along the same match and leverage lines, we have an application to a major foundation to leverage money. We have put in $500,000, and we hope that they put in more than that for election year coverage.

My second example would be money for advertising, promotion, and station independence programs.

My third would be extension of radio services in America. This is particularly an important issue for the Western States, for the Western Senators, for the Western radio stations. They pay for 100 percent of service, but we only receive 70 percent service. We think that final 30 percent has to be achieved.

The fourth example would be audience research.

The fifth example would be programing, be it national, local, or targeted for the elderly, the minorities, or for children.

I guess the irony that we see is that the trend in commercial broadcasting is increasingly toward deregulation, while the trend in public broadcasting is increasingly for regulation, or what one might call micromanagement by the Congress. We lived through 1982 and 1983 with few, if any, disputes about the internal distribution of funds, and this was before the formula was in effect.

Presumably, the formula was introduced to reduce internal disputes during a period of Federal funding cuts. If the funding is restored to the 1982 levels, that is, $238 million and we all hope for that, then the need for the formula should certainly be diminished. We, therefore, request that we return in very small part to the situation under the statute which existed before the 1981 act.

Thank you.

Senator GOLDWATER. Thank you.

I might say, in partial answer to Senator Pressler's question, last night, there were a lot of basketball games on television, which we love, but the program I remember was on channel 26. It had Allistair Cooke describing where some of our fairy tales come from. You might think it kind of strange that a guy my age is interested in fairy tales, but I have a long memory. I offer that just to cite the quality that is on public broadcasting. It appeals to all classes, children, past children's age, and on up. I think that it offers by far the quality that we should have prevalent in all our broadcasting.

Mrs. ROCKEFELLER. If I could add one thought. I didn't mean in any way to forget "Morning Edition" and "All Things Considered". This morning, for example, they did superb coverage from El Salvador on those elections, and CBS gave it all of 40 seconds, I counted. Then, you had to turn to NPR to find out what was really going on in El Salvador besides disorganization. CBS used one word only, "disorganization."

Senator GOLDWATER. Thank you very much. I have no further questions. Senator Hollings has some questions, which we will submit to you in writing for your answer.

You have a document, I believe that you want printed in the record?

Mrs. ROCKEFELLER. Yes; we will submit it.

Senator GOLDWATER. That will be done, and both of your statements will be printed in full.

Thank you very much.

Senator PRESSLER. Let me ask another question that comes up frequently.

I have been in Congress now for 10 years, and there is a feeling among some Members of Congress that there is a liberal bias to some of news presented on public radio and TV. As a matter of fact, they feel that way about some of the other stations and newspapers, too.

There is a feeling that when the conservative position is expressed, it is the extreme conservative position. They will have somebody from NCPAC on, or some similar organization. But in terms of the elected, working conservatives, the feeling is that they don't get as good a shot. They always say to me, "Public Broadcasting is OK, but keep an eye on them, they have a liberal bias." What is your reaction to that view?

Mr. PFISTER. My reaction, Senator, is the reaction that I have had for 10 years and it continues to be true for the 30 months I have been at CPB. I measure very carefully the telephone calls and the letters that I get, I always have. On this question of fairness I get about 15 to 20 telephone calls a week, and I get about 15 or 20 letters a week, and they almost divide evenly. Some people are telling us that we are far, far, far to the right, and other people are telling us that we are far, far, far to the left. As long as those calls and those letters keep dividing evenly from people who listen and watch us, I am perfectly happy that we are doing the job.

I also have an extraordinary amount of confidence in the people at the stations, the people at NPR, and the people at PBS to be certain that when a point of view is broadcast by either television or radio that appears biased, that they will, through the magic of their journalistic and technological skills balance that point of view in the course of the next several days.

We work very hard at it, and I think on the basis of reaction from the people who listen and who watch, we accomplish the task.

Senator **PRESSLER**. Thank you very much.

Senator **GOLDWATER**. This old conservative has no trouble.

Thank you both for being with us this morning. I appreciate it very much.

Mrs. **ROCKEFELLER**. Thank you very much.

Mr. **PFISTER**. Thank you, Senator.

[The following information was subsequently received for the record:]

QUESTIONS OF THE MAJORITY AND THE ANSWERS THERETO

Question. How much money has been refunded to CPB as a result of the unrelated business income tax provision?

Answer. The first year of this "pay-back" provision was fiscal year 1982. In that year six stations refunded $13,629 to CPB in a match for taxes paid. Final figures for fiscal year 1983 will not be available until late April.

Question. What steps has CPB taken to improve its oversight of NPR?

Answer. The CPB/NPR Loan Agreement, which was executed on August 2, 1983, contains the following provisions regarding CPB oversight:

CPB must be provided with a copy of an independent auditor's opinion that NPR management's assumptions underlying each annual budget are reasonable. These auditors must be available to meet with CPB and explain their opinion if necessary.

NPR must submit its annual budget, causing its entire operation to subject to CPB for approval. The budget must demonstrate:

A cost efficient and prudent allocation of funds;

An appropriate allocation of indirect and overhead expenses; and

An excess of revenue over expenses sufficient to eliminate the deficit and repay CPB.

After CPB's approval of the annual budget, NPR can make no changes to the budget that exceed ten percent without CPB approval. This approval extends to alteration of the budget as the result of additional grants received by NPR. CPB must approve the introduction of new money into the NPR budget to assure that it is properly reflected throughout the whole budget.

NPR must have in place all of the financial and managerial controls recommended by the outside auditor in June of 1983, including the ability to specifically track the allocation and expenditure of CPB funds. In addition, CPB must have approved a detailed NPR plan for defining and allocating overhead. For each advance request made under the Loan, NPR must provide the following to CPB:

An aged accounts payable analysis;

An aged accounts receivable analysis;

A summary of available cash balances;

An explanation of how the advance will affect and apply to the NPR budget; and

Representations that NPR's financial and managerial status has not changed since the last report.

NPR must provide CPB with a monthly financial status report which includes a personnel status report.

NPR's Chief Financial Officer must report to CPB on a quarterly basis on the status of the Loan Agreement and NPR's obligations under it.

NPR must provide CPB with a copy of its annual audited financial statements including any management letters which accompany it.

Question. Has CPB revised its oversight procedures for other public broadcasting entities?

Answer. CPB's oversight responsibilities with respect to NPR are unique because of the Loan Agreement, and on the basis of the oversight responsibilities assigned to CPB by the FCC Authorization Act of 1983, Public Law 98-214). Otherwise, within the framework of its authorizing legislation, CPB has established a requirement for uniform accounting and for outside independent audits of all public telecommunications entities. Additionally, CPB's contracts with public telecommunications entities establish specific program and financial reporting requirements. CPB has also proposed an amendment to change the Public Broadcasting Act of 1967, as amended, to require annual, rather than biannual audits, which is discussed as part of the next question.

Question. Would amending the Act to require annual, rather than biannual, audits assist CPB in its oversight duties?

Answer. Amendment of the Communications Act of 1934, as amended, is not necessary to assist CPB with respect to NPR oversight. Section 5 of the Federal Communications Commission Authorization Act of 1983 (Public Law 98-214), which does amend the Act, addresses financial oversight of NPR by CPB. Additionally, CPB has imposed numerous reporting requirements on NPR that permit CPB regular and frequent review of NPR's financial condition.

Amendment of the law to require all public broadcasting stations and other public telecommunications entities to undergo annual audits would assist CPB in its oversight responsibilities. Most stations already make it their practice to have annual audits, which provide greater protection against financial mismanagement and are less costly than less frequent audits. By requiring all stations to undergo annual audits, CPB could require consistent and regular reporting obligations on the entire broadcasting system.

Question. Briefly describe the status of CPB's discussions with the representatives of the independent producers.

Answer. We want to work constructively with many of the creative people involved with independent production. We believe in communication. We have strengthened the relationship between the Program Fund staff and the independents by setting up three meetings per year. These meetings will allow the staff of the Corporation to meet the representatives of the independent community for continuous and constructive dialogue. Further, we agree that if we receive a supplemental appropriation in excess of one million dollars during fiscal 1984, we will devote a substantial portion of this increase to the Open Solicitation funding process or similar funding structure as it may be appropriate to establish. It is our hope to fund programs that enrich the lives of the people who watch them. It is also our hope to capitalize on the best talent in this country, and that means using these highly creative independent producers.

Question. How do the stations get their ideas and plans into your decisions in both financial and program areas? Would it be helpful if more station views were presented to your Board?

Answer. CPB consults with representatives of public television and radio virtually on a daily basis, on all areas of concern to the stations. For example, CPB consults with the stations on the formula by which the community service grants are calculated, on the criteria for eligibility for community service grants, on needs of stations for training programming, on programming needs, and on the applicability of CPB's research and development programs. In addition, representatives of CPB, including Board members, attend the Board meetings of NPR, PBS, NAPTS, and other public broadcasting organizations, and invite their representatives to attend CPB Board meetings. CPB Board members make it a practice to visit public broadcasting stations to the greatest extent practicable, and to attend meetings and conferences sponsored by stations. CPB solicits the participation of station representatives in its budget development process, and makes time available for the presentation of station views at CPB Board and Committee meetings.

These many and varied processes for including station participation in CPB decision-making have worked well to ensure an understanding of and sensitivity to station needs and perspectives by both CPB Board Members and management. These processes work well because it is helpful to CPB to know the perspective of stations with respect to CPB's decisions, and CPB actively seeks that perspective as a result.

Question. Section 386 (c) (7) requires Board Members to attend not less than 50 percent of all board meetings during the year. Has that requirement been met during calendar years 1981, 1982, and 1983?

Answer. Since this provision was incorporated into the Public Broadcasting Act of 1967, as amended, the CPB Office of the Secretary has kept track of Board member's attendance at meetings by calendar year to ensure that Board members do not violate this provision of the statute. The requirement for Board attendance at not less than 50 percent of all Board meetings has been met by all members of the CPB Board of Directors during calendar years 1981, 1982, and 1983.

CPB BOARD OF DIRECTORS ATTENDANCE AT MEETINGS

Board member	1981 [1] (total—9)		1982 (total—7)		1983 (total—13)	
	Number of meetings attended	Percentage	Number of meetings attended	Percentage	Number of meetings attended	Percentage
Herndon, Lillie	9	100	6	85	13	100
Gregg, Lucius (resigned January 1981)	[2] 0	0				
Cowan, Geoffrey (served until March 1984)	9	100	7	100	12	92
Dougan, Diana (resigned April 15, 1983)	9	100	7	100	[2] 1	7
Friedlander, Paul (served until March 1984)	7	77	6	85	12	92
Gammino, Michael (served until March 1984)	4	44	7	100	12	92
Kelley, Michael (served until March 1983)	9	100	7	100	[2] 2	15
Nolan, Kathleen (served until March 1984)	7	77	5	71	8	61
Reed, Clyde (served until March 1983)	4	44	4	57	[2] 1	7
Rivera, Jose (served until March 1984)	9	100	7	100	12	92
Rockefeller, Sharon	9	100	7	100	13	100
Roll, Charles (served until March 1983)	8	88	7	100	[2] 2	15
Santarelli, Donald (served until November 1981)	21	11				
Sorensen, Gillian (served until January 1984)	8	88	7	100	9	69
White, Howard	8	88	7	100	9	69
Landau, Sonia (term began November 1981)	[2] 1	11	7	100	13	100
Towerry, Ken (term began November 1981)	[2] 1	11	6	85	13	100
O'Connor, Harry (term began March 1983)					[2] 5	38
Brookhiser, Richard (term began February 1983)					[2] 8	61
Eller, Karl (term began February 1983)					[2] 8	61
Hackett, James (term November 1983 to March 1, 1984					[2] 2	15

[1] Provision in Public Law 97-35 requiring Board members to attend not less than 50 percent of all Board meetings in any calendar year became effective August 13, 1981

[2] Small percentage of meetings attended reflects a term which either began or expired during the course of a calendar year.

Question. Please supply the Committee with details of the travel expenses or other expenses incurred by Board Members during fiscal year 1983, for which reimbursement was paid.

Answer. In fiscal year 1983, CPB Board members received $47,450 in fees as authorized by statute, and $79,275 as reimbursement for travel, lodging, meals and related expenses, for a total of $126,725.

Corporation For Public Broadcasting, Board members' travel expenses, October 1, 1982 to September 30, 1983

Brookhiser [1] (New York, N.Y.)	$1,386
Cowan (Los Angeles, Calif.)	5,627
Dougan [2] (Salt Lake City, Utah)	327
Friedlander (Seattle, Wash.)	6,353
Eller [3] (Phoenix, Ariz.)	4,810
Gammino (Providence, R.I.)	4,315
Herndon (Columbia, S.C.)	4,520
Kelley [4] (Fairfax, Va.)	343
Landau (New York, N.Y.)	6,093
Nolan (Los Angeles, Calif.)	11,693
O'Connor [5] (Los Angeles, Calif.)	8,340
Reed [6] (Parsons, Kans.)	....
Rivera (Brooklyn, N.Y.)	7,725
Rockefeller (Charleston, W.Va.)	4,709
Roll [7] (Lawrenceville, N.J.)	2,174

Corporation For Public Broadcasting, Board members' travel expenses, October 1, 1982 to September 30, 1983—Continued

Sorensen (New York, N.Y.)	1,939
Towery (Austin, Tex.)	5,444
White (Chappaqua, N.Y.)	3,478
	79,276

[1] Appointed February 1983.
[2] Resigned April 1983.
[3] Appointed March 1983.
[4] Replaced February 1983.
[5] Appointed March 1983.
[6] Replaced February 1983.
[7] Replaced March 1983.

Question. What is CPB's reaction to the March 28th report of the General Accounting Office on CPB's oversight of National Public Radio?

Answer. The March 28th GAO report concerns CPB in two ways. First, procedurally, the General Accounting Office neither dealt directly with CPB on this report, nor afforded CPB an opportunity to comment upon it prior to its release. Had CPB been involved in the preparation of the report, we would have addressed our second and substantive concern: The report and its basic conclusions fail to recognize fully the delicate balance which CPB must maintain in its relationship with NPR, between overseeing NPR's overall financial condition and respecting NPR's independence as a separate corporate entity. For CPB to have imposed the kind of oversight and control which the report suggests was appropriate at the time could have been perceived as being seriously insensitive to NPR's independence. It also could have raised questions about potential CPB intrusion into NPR programming-related matters, questions about which Congress, the public, CPB, and the public broadcasting community have expresed deep concern.

At the time that NPR's financial difficulties were developing, CPB believed that the level of oversight that would maintain a proper balance would entail regular review of NPR's regular corporate financial reports and its performance under NPR's contracts with CPB. Because those contracts accounted for more than half of NPR's revenue, we believed they would provide an adequate mechanism to review and monitor NPR's general financial condition. While some deficiencies in certain aspects of NPR's financial management and reporting existed, based upon the information and data made available to CPB, CPB had no reason to believe that NPR's ability to provide programming and other services to its members, its customers, or CPB was in jeopardy. Hindsight has shown CPB's beliefs to have been in error.

While we believe NPR's financial crisis could and should have been avoided, we have learned nothing that would indicate that the problems resulted from any intentional wrongdoing—a finding which is supported by the GAO report. It was a tragic confluence of unrealistic expectations, and unreliable financial reporting system, and the absence of effective management.

By virtue of Section 5 of the Federal Communications Commission Authorization Act of 1983 (Public Law 98-214), and the CPB/NPR Loan Agreement, CPB now has the clear authority and the means to monitor more closely NPR's overall corporate financial management, not only its CPB-related financial conduct. Nonetheless, CPB is ever-mindful that, although initial remedial steps have been taken, NPR's future remains precarious until its debt is brought into more manageable proportions. Effective planning and most importantly, implementation, as pointed out in GAO's March 28 report and in which CPB concurs, of such remedial steps is crucial. This, of course, is dependent in large measure upn NPR's discharge of its managment responsibilities, subject to CPB's oversight as prescribed both by statute and the CPB/NPR Loan Agreement. CPB fully intends to so monitor NPR closely in conformance with CPB's new statutory authority, as well as the provisions of the CPB/NPR Loan Agreement.

QUESTIONS OF SENATOR HOLLINGS AND THE ANSWERS THERETO

Question. In 1981, Congress reduced funding for public broadcasting. Do you believe the reduced funding has harmed public broadcasters, and if so, in what ways.

Answer. Some of the effects of the federal cutbacks have been:

Community Service Grants (unrestricted grants made to stations principally used to support acquisition and production of programming) have been cut 23 percent for television and 14 percent for radio;

CPB funding for national program production has been cut 12 percent for television and 14 percent for radio;

CPB initiatives to increase funding for children's educational programs have stalled, and important series such as the science program "3-2-1 Contact" have lacked adequate production funds for new programs;

CPB support for national program advertising (an important and cost-effective way of increasing the reach of our programming) and for national fundraising to stimulate private giving have both been eliminated;

PBS program distribution hours have been reduced 50 percent;

Local program production has been drastically reduced for television, by an average of 3.4 hours per week per station;

Broadcast hours have been reduced;

Equipment maintenance and replacement, necessary for high-quality program production, has been postponed;

CPB support for television interconnection costs has been reduced 28 percent, and support of the interconnection of new television stations has been eliminated;

CPB funding for the expansion of services to unserved areas has been eliminated, at a time when almost 30 percent of the American public is still not reached by public radio; and

CPB's $5 million challenge grant incentive for stations to raise additional nonfederal funds cannot be repeated.

Question. We have heard a lot about how new communications services will provide a tremendous diversity of programming, including programming similar to that provided by public broadcasting. Do you see this to be the case?

Answer. Cable television has long been expected to offer that diversity of programming, but it is currently undergoing a realignment. Program services are appearing and disappearing, which has the appearance of a "shakeout" or winnowing of the diverse offerings, after which only the strongest will survive. The failure within the last few years of several major program services (including two that focused on arts and cultural programming) has hastened this process. At the same time, programming for children has expanded on cable television, through local cable-originated programming and through such satellite-distributed cable program services as Nickelodeon and the Disney Channel.

Based on a series of recent studies that CPB has commissioned on this question, we expect continued growth in children's programs on cable, but a very cautious and somewhat different approach toward arts and cultural programming. So far, there is little sign of extensive science programming on cable (a la NOVA or NATURE on public television), but growing interest in wildlife and natural history programs.

On the radio side, the programming mix that may be available through cable audio service or though multichannel TV sound is not yet clear, although neither is expected to venture strongly into the news and public affairs category in which public radio has shown such strength.

Question. About two weeks ago, The New York Times published a story that stated there was recently a substantial decrease in size of the audience for public television. Is this information accurate? What is the trend in audience size and composition for both public television and radio?

Answer. The New York Times story accurately reported a decline in January viewing of public television in some large cities. The broader picture is more complex.

Nationally, prime time public television viewing has been down from its levels at the same time last year for most of the fall and winter so far, although it rebounded slightly in the comparison of December 1983 with December 1982. This has not been the pattern, however, for other parts of the day. Although the January 1984 viewing fell short of the January 1982 record level for whole-day one-week viewing cumulative ratings and average minute ratings, whole-day viewing levels have been setting new records in almost every month for the last year.

Moreover, although some major-market public television stations (e.g., Baltimore, Milwaukee, St. Louis and New Orleans) have had disappointing results for most of the fall and winter, other such as Philadelphia, Pittsburgh and Los Angeles have made major gains in audience levels.

Possible reasons for the apparent problems in prime time are under close study throughout public television. Some researchers have found evidence that households subscribing to basic cable service turned in large numbers from the public television programs to cable-originated programming. Other possible explanations for this season's dip include increasing use of reruns (due to the decrease in funds for new program production and acquisition) and a major change in the composition of the Nielson samples last summer (which would tie the drop to statistical measurement changes rather than to actual audience viewing).

Audience data for public radio are collected less frequently. The fall 1983 Arbitron data (based on 80 stations) showed an 11 percent increase over fall 1982 in the one-week cumulative audience and a 16 percent increase in the average quarter-hour audience.

There are few broad trends in the composition of the public television and public radio audiences. During the last three years, public radio audiences have tended to become younger, less urban, more educated, more racially diverse, and more evenly balanced between men and women. The composition of the public television audience has changed little during the last three years, closely mirroring the American public in most ways. Tables showing the composition of both public television and public radio during the last three years are attached:

TABLE 3A.—PTV HOUSEHOLD AUDIENCE DISTRIBUTIONS, PENETRATION AND AVERAGE MINUTES VIEWED BY SELECTED DEMOGRAPHIC CHARACTERISTICS AND DAYPARTS—1 WEEK (JANUARY 16–22, 1984)

	Percent distributions						Penetration percent [1]		Average Minutes per viewing HH	
	U.S. TVHH		PTV audience		Difference from United States					
	Thousands	Percent	Full day	Prime	Full day	Prime	Full day	Prime	Full day	Prime
Composite	83,800	100.0	100.0	100.0			55.1	31.6	204	108
Race:										
White	71,560	85.4	86.4	87.6	+1.0	+2.2	55.8	32.4	206	110
Nonwhite	12,240	14.6	13.6	12.4	-1.0	-2.2	51.2	26.9	184	88
Children:										
None	51,110	61.0	57.2	65.1	-3.8	+4.1	51.7	33.7	192	121
Any	32,690	39.0	42.8	34.9	+3.8	-4.1	60.4	28.3	225	78
Any 12 to 17	15,280	18.2	19.9	19.1	+1.7	+0.9	60.0	33.0	158	71
Any 6 to 11	14,580	17.4	19.8	16.0	+2.4	-1.4	62.8	29.1	245	82
Any less than 6	15,320	18.3	20.1	12.7	+1.8	-5.6	60.4	22.0	301	62
Education:										
Fewer than 4 years high school	23,720	28.3	25.3	24.4	-3.0	-3.9	49.2	27.2	208	98
4 years high school	29,320	35.0	34.6	31.6	-0.4	-3.4	54.5	28.6	182	104
1 to 3 years college	13,380	16.0	15.6	15.4	-0.4	-0.6	53.7	30.4	200	107
4+ years college	17,380	20.7	24.5	28.6	+3.8	+7.9	65.2	43.6	229	119
Occupation:										
Professional/owner/manager	20,990	25.0	27.6	28.7	+2.6	+3.7	60.8	36.2	203	109
Clerical and sales	10,050	12.0	11.1	10.8	-0.9	-1.2	51.0	28.4	154	84
Skilled and semiskilled	28.410	33.9	32.4	29.0	-1.5	-4.9	52.6	27.0	225	94
Not in labor force	24,350	29.1	28.9	31.5	-0.2	+2.4	54.8	34.4	204	128
Income:										
Less than $10,000	18,280	21.8	17.7	16.0	-4.1	-5.8	44.7	23.2	168	93
$10,000 to $19,999	20,590	24.6	23.4	22.2	-1.2	-2.4	52.5	28.4	202	104
$20,000 to $29,999	17,300	20.6	21.5	22.4	+0.9	+1.8	57.3	34.3	229	111
$30,000+	27,630	33.0	37.4	39.4	+4.4	+6.4	62.5	37.8	200	115
Age:										
Less than 35	25,470	30.4	26.7	19.7	-3.7	-10.7	48.4	20.5	187	62
35 to 49	21,940	26.2	27.9	28.2	+1.7	+2.0	58.7	34.0	210	86
50 to 64	19,520	23.3	24.6	27.6	+1.3	+4.3	58.2	37.5	178	114
65+	16,870	20.1	20.8	24.5	+0.7	+4.4	56.8	38.4	242	149
County size:										
A	34,680	41.4	42.4	47.4	+1.0	+6.0	56.4	36.2	212	126
B	25,150	30.0	31.3	30.3	+1.3	+0.3	57.5	31.9	193	94
C + D	23,970	28.6	26.3	22.3	-2.3	-6.3	50.6	24.7	203	93
Cable:										
Noncable	50,870	60.7	56.7	57.4	-4.0	-3.3	51.4	29.9	236	129
Pay cable	19,820	23.7	26.4	25.1	+2.7	+1.4	61.5	33.6	152	82
Basic cable	13,110	15.6	16.9	17.5	+1.3	+1.9	59.6	35.4	198	92

[1] Weekly cume for a specific demographic group

Source: Nielsen Television Index

TABLE 3B.—PTV HOUSEHOLD DISTRIBUTIONS AND AVERAGE MINUTES VIEWED BY SELECTED DEMOGRAPHIC CHARACTERISTICS—JANUARY 17-23, 1983

	Percent distributions					Household distributions (thousands)			Average Minutes per viewing HH	
		PTV audience		Difference from United States			PTV audience			
	U.S. TvHH	Full day	Prime	Full day	Prime	U.S. TvHH	Full day	Prime	Full day	Prime
Composite	100	100	100			83,300	45,650	28,160	209	116
Race:										
White	85.5	89.4	93.0	+3.9	+7.5	71,250	40,800	26,190	208	112
Nonwhite	14.5	10.6	7.0	−3.9	−7.5	12,050	4,850	1.970	217	169
Children:										
None	60.9	57.1	63.1	−3.8	+2.2	50,690	26,070	17,770	196	137
Any	39.1	42.9	36.9	+3.8	−2.2	32,610	19,580	10,390	231	67
Any 12 to 17	18.5	19.8	19.1	+1.3	+0.6	15,410	9,050	5,390	183	70
Any 6 to 11	18.0	19.0	13.5	+1.0	−4.5	14,980	8,660	3,800	217	46
Any less than 6	18.1	21.0	15.2	+2.9	−2.9	15,080	9,570	4,270	296	66
Education:										
Fewer than 4 years high school	29.4	21.4	20.2	−8.0	−9.2	24,530	9,780	5,680	219	124
4 Years high school	35.2	38.6	34.7	+3.4	−0.5	29,320	17,610	9,770	213	114
1 to 3 Years college	15.6	14.9	15.3	−0.7	−0.3	12,960	6,780	4,320	197	123
4 + Years college	19.8	25.1	29.8	+5.3	+10.0	16,490	11,480	8,390	209	110
Occupation:										
Professional/owner/manageger	25.4	28.4	30.0	+3.0	+4.6	21.150	12,970	8,400	201	106
Clerical and sales	11.7	11.5	12.0	−0.2	+0.3	9,730	5,240	3,390	165	96
Skilled and semiskilled	34.7	33.3	26.0	−1.4	−8.7	28,900	15,200	7,330	200	95
Not in labor force	28.2	26.8	32.0	−1.4	+3.8	23,520	12,240	9,040	250	149
Income:										
Less than $10,000	22.7	16.5	14.7	−6.2	−8.0	18,920	7,540	4,130	183	101
$10,000 to $19,99	25.4	25.7	26.8	+0.3	+1.4	21,130	11,710	7,550	261	141
$20,000 to $29,999	21.4	21.3	21.1	−0.1	−0.3	17,840	9,720	5,950	187	98
$30,000 +	30.5	36.5	37.4	+6.0	+6.9	25,410	16,680	10,530	190	111
Age:										
Less than 35	31.3	29.6	23.3	−1.7	−8.0	26,130	13,530	6,560	188	82
35 to 49	25.8	26.0	26.7	+0.2	+0.9	21,460	11,840	7,530	207	82
50 to 64	22.6	24.7	25.8	+2.1	+3.2	18,830	11,270	7,260	179	103
65 +	20.3	19.7	24.2	−0.6	+3.9	16,880	9,010	6,810	272	184
County size:										
A	41.3	44.2	45.3	+2.9	+4.0	34,450	20,170	12,760	191	127
B	30.0	30.8	28.6	+0.8	−1.4	24,960	14,040	8,050	209	120
C to D	28.7	25.0	26.1	−3.7	−2.6	23,890	11,440	7,350	239	93
Cable:										
Noncable	66.0	61.9	62.2	−4.1	−3.8	54,980	28,260	17,510	224	137
Pay cable	19.4	22.3	20.6	+2.9	+1.2	16,160	10,170	5,800	163	77
Basic cable	14.6	15.8	17.2	+1.2	+2.6	12,160	7,220	4,850	232	107

Source: Nielsen Television Index.

TABLE 3C.—PTV HOUSEHOLD AUDIENCE DISTRIBUTIONS AND AVERAGE MINUTES VIEWED BY SELECTED DEMOGRAPHIC CHARACTERISTICS—JANUARY 11-17, 1982

	Percent distribution					Household distributions (thousands)			Average minute per viewing HH	
		PTV audience		Difference from United States			PTV audience			
	U.S.TvHH	Full day	Prime	Full day	Prime	U.S. TvHH	Full day	Prime	Full day	Prime
Composite	100.0	100.0	100.0			81,500	46,290	30,970	225	1119
Race:										
White	84.7	83.8	89.8	−0.9	+5.1	69,030	38,810	27,810	230	119
Nonwhite	15.3	16.2	10.2	+0.9	−5.1	12,470	7,480	3,160	171	119

TABLE 3C.—PTV HOUSEHOLD AUDIENCE DISTRIBUTIONS AND AVERAGE MINUTES VIEWED BY SELECTED DEMOGRAPHIC CHARACTERISTICS—JANUARY 11-17, 1982—Continued

	Percent distribution					Household distributions (thousands)			Average minute per viewing HH	
	U.S.TvHH	PTV audience		Difference from United States		U.S. TvHH	PTV audience		Full day	Prime
		Full day	Prime	Full day	Prime		Full day	Prime		
Children:										
None	60.2	54.4	60.7	−5.8	+0.5	49,100	25,200	18,800	212	137
Any	39.8	45.6	39.3	+5.8	−0.5	32,400	21,,090	12,170	242	88
Any 12 to 17	19.3	20.1	19.6	+0.8	+0.3	15,760	9,320	6,070	219	100
Any 6 to 11	18.0	22.5	20.0	+4.5	+2.0	14,710	10,410	6,200	214	78
Any less than 6	17.3	21.5	15.2	+4.2	−2.1	14,140	9,960	4,720	305	85
Education:										
Fewer than 4 years high school	30.4	26.1	23.0	−4.3	−7.4	24,740	12,090	7,120	199	123
4 years high school	35.0	34.9	33.1	−0.1	−1.9	28,520	16,170	10,240	246	119
1 to 3 years college	15.7	15.9	17.2	+0.2	+1.5	12,800	7,360	5,330	223	132
4+ years college	18.9	23.1	26.7	+4.2	+7.8	15,400	10,670	8,280	221	109
Occupation:										
Professional/owner/manager	25.2	29.0	30.5	+3.8	+5.3	20,510	13,420	9,440	237	114
Clerical and sales	12.1	12.9	12.9	+0.8	+0.8	9,840	5,980	4,000	175	90
Skilled and semiskilled	35.1	33.4	30.1	−1.7	−5.0	28,600	15,440	9,320	221	110
Not in labor force	27.6	24.7	26.5	−2.9	−1.1	22,550	11,450	8,210	241	150
Income:										
Less than $10,000	24.5	18.7	17.8	−5.8	−6.7	19,970	8,670	5,520	221	132
$10,000 to $14,999	14.0	13.4	13.2	−0.6	−0.8	11,450	6,210	4,080	256	140
$15,000 to $19,999	12.8	13.5	14.4	+0.7	+1.6	10,410	6,260	4,450	214	109
$20,000 to $29,999	22.8	24.4	24.2	+1.6	+1.4	18,550	11,280	7,490	271	128
$30,000+	25.9	30.0	30.4	+4.1	+4.5	21,120	13,870	9,430	177	103
Age:										
18 to 34	31.0	28.9	26.1	−2.1	−4.9	25,260	13,390	8,080	212	92
35 to 49	25.8	32.2	31.5	+6.4	+5.7	21,010	14,910	9,770	221	101
50+	43.2	38.9	42.4	−4.3	−0.8	35,230	17,990	13,120	235	144
Territory:										
Northeast	22.8	26.6	26.3	+3.8	+3.5	18,610	12,310	8,160	247	149
East Central	14.9	14.7	14.2	−0.2	−0.7	12,150	6,810	4,400	228	103
West Central	17.0	19.1	20.3	+2.1	+3.3	13,860	8,820	6,290	262	91
South	28.7	24.5	23.2	−4.2	−5.5	23,350	11,340	7,180	163	111
Pacific	16.6	15.1	16.0	−1.5	−0.6	13,530	7,010	4,940	221	130
County size:										
A	41.5	45.2	49.4	+3.7	+7.9	33,820	20,930	15,310	217	131
B	29.9	28.3	26.8	−1.6	−3.1	24,350	13,080	8,290	226	114
C and D	28.6	26.5	23.8	−2.1	−4.8	23,330	12,280	7,370	235	103

Source: Nielsen Television Index.

1983 PUBLIC RADIO LISTENING

[Percent of all adults 18+]

Demographic	USA total (n=2000)	Ever listened to public radio (n=434)	Listened to public radio in past 7 days (n=177)	Regular listener each week (n=132)
Sex:				
Men	47	51	50	51
Women	53	49	50	49
Age:				
18 to 29	30	30	33	27
30 to 44	26	30	29	33
45 to 50	23	25	25	26
60 and over	22	15	13	14
Income:				
Under $10,000	23	15	12	14

1983 PUBLIC RADIO LISTENING—Continued

[Percent of all adults 18 +]

Demographic	USA total (n = 2000)	Ever listened to public radio (n = 434)	Listened to public radio in past 7 days (n = 177)	Regular listener each week (n = 132)
$10,000 to $20,000	27	22	23	23
$20,000 to $30,000	26	30	25	26
$30,000 and over	23	33	39	37
Race:				
White	86	85	82	82
Black	12	14	17	16

Source: Roper report on "Survey of Public Awarenes of Public Radio 1983" (October/November 1983).

PUBLIC RADIO LISTENING

[Percent of all adults 18 +]

Demographic	U.S. Total	Ever listened to public radio	Listened to public radio in past 7 days	Regular listener each week
Geographic residence:				
Northeast	23	28	29	27
Midwest	27	31	29	28
South	32	22	25	26
West	18	19	16	20
Market size:				
A county	36	37	29	33
B county	31	34	37	36
C county	23	23	27	24
D county	10	7	7	6
Education:				
Some college and college graduate	37	54	62	64
High school graduate	37	32	27	26
Not high school graduate	25	13	11	9
Occupation:				
Executive/professional	14	22	26	27
White collar	16	21	20	17
Blue collar	26	24	18	22

1982 PUBLIC RADIO LISTENING

[Percent of all adults 18 +]

Demographic	U.S. population (n = 2000)	Percent who have ever listened to public radio (n = 363)	Percent who have listened to public radio in past 7 days (n = 147)	Percent who are regular listener each week (n = 109)
Sex:				
Men	47	55	61	62
Women	53	45	39	38
Age:				
18 to 29	31	32	32	34
30 to 44	26	29	30	28
45 to 59	23	23	23	21
60 and over	21	16	15	17
Income:				
Under $10,000	24	23	20	23
$10,000 to $20,000	31	28	34	33
$20,000 to $30,000	23	22	18	18
$30,000 and over	31	26	29	26

1982 PUBLIC RADIO LISTENING—Continued

[Percent of all adults 18+]

Demographic	U.S. population (n=2000)	Percent who have ever listened to public radio (n=363)	Percent who have listened to public radio in past 7 days (n=147)	Percent who are regular listener each week (n=109)
Race:				
White	87	90	90	87
Black	10	9	9	11

Source: 1982 Roper report on "Survey of Public Awareness of Public Radio, 1982" (Spring 1982). Based on National Sample of 2000.

PUBLIC RADIO LISTENING

[Percent of all adults 18+]

Demographic	U.S. population	Percent who have ever listened to public radio	Percent who have listened to public radio in past 7 days	Percent who are regular listener each week
Geographic residence:				
Northeast	23	24	27	23
Midwest	27	35	22	23
South	32	20	26	27
West	18	21	25	28
Market size:				
A county	37	34	35	32
B county	31	33	34	34
C county	22	26	24	24
D county	11	8	7	10
Education:				
Some college	20	23	25	26
College graduate	17	30	38	44
High school graduate	37	28	22	18
Not high school graduate	26	19	14	12
Occupation:				
Executive/professional	14	23	28	31
White collar	17	17	18	15
Blue collar	26	27	24	20

1981 LISTENING TO PUBLIC RADIO

[In percent]

Demographic	Ever listened to public radio (N=379)	Listened to public radio in past 7 days (N=127)	Regular listener each week (N=74)	Total sample (N=2005)
Sex:				
Male	53	54	54	47
Female	47	46	46	53
Age:				
18 to 29	31	31	30	29
30 to 44	30	26	28	26
45 to 59	25	27	28	24
60 plus	14	16	14	21
Income:				
Under $10,000	18	20	20	24
$10 to $20,000	29	30	23	31
$20,000 to $30,000	28	24	34	26
Over $30,000	23	25	23	18
Race:				
White	87	87	86	86
Black	11	9	12	11
Geographic residence:				
Northeast	21	20	14	23

1981 LISTENING TO PUBLIC RADIO—Continued

[In percent]

Demographic	Ever listened to public radio (N=379)	Listened to public radio in past 7 days (N=127)	Regular listener each week (N=74)	Total sample (N=2005)
Midwest	32	31	32	27
South	23	26	35	32
West	24	23	19	18
Education:				
College	54	53	68	38
High school graduate	31	35	23	35
Non-high school graduate	15	13	9	26
Occupation:				
Executive/professional	20	18	28	14
White collar	22	20	22	17
Blue collar	22	21	15	26

Question. How successful are the current efforts to raise funds from the public in comparison to previous years?

Answer. The long-term trend in both public television and public radio has been one in which the dollar amounts raised from individual members or subscribers has risen more rapildy than the number of subscribers. Thus, the average amount per subscriber or member has grown rapidly, although it has been fairly constant over the years after inflation is taken into account.

Recently, however, there have been signs that public broadcasting may be rapidly exhausting the growth potential of subscriber income. The December 1983 and March 1984 public television pledge drives, for example, both showed declines from the same period a year before in the number of pledges (down 2.4 and 3.1 percent, respectively) while the dollar amounts pledged rose (6.4 and 4.1 percent, respectively). These figures indicate potential limitations to on-air pledging, which might be alleviated by a gradual shift towards more direct-mail fundraising, but on-air activities have traditionally been the principal source of new members or subscribers.

Question. What is the funding from other federal programs and from other levels of government that public broadcasting somehow receives, and how does this compare to previous years?

Answer. The most recent available data show that in fiscal year 1981, Federal agencies distributed $32,679,700 to public telecommunications entities through 20 separate programs, or about $1.5 million less than was distributed in fiscal year 1980. The amount reported in these data are based on a CPB survey of Federal agencies, conducted under a statutory mandate, and represents only those funds awarded to public broadcasting stations and noncommercial telecommunications entities. It does not include monies awarded to commissions or state agencies that do not hold broadcast licenses, networks, independent producers or nonprofit groups planning to establish broadcast stations.

Data from CPB's Annual Financial Report survery of stations show that Federal grants and contracts income declined from about $40.5 million to about $31.7 million during the same period, and fell again in fiscal year 1982, to $25.6 million.

Income from state governments increased between fiscal year 1981 and 1982 for both radio and television (by 38.4 percent and 13.5 percent, respectively), although the impact varied widely from state to state. Nineteen states significantly reduced their contributions to teleivsion, and 18 states cut their funding of radio stations between fiscal year 1981 and fiscal year 1982. Six of the 18 states eliminated funding for radio stations altogether. Public broadcasting income from local governments dropped overall between fiscal year 1981 and fiscal year 1982, by 5.2 percent for television and by 2.4 percent for radio.

Financial Report data for fiscal year 1983 are not yet complete, but we already know that in several states, funding for public broadcasting was eliminated entirely between fiscal year 1982 and fiscal year 1983, and significant cuts were made in several other states.

Question. Are you satisfied with the formula for allocating federal funds that is now in the statute? If not, what changes would you make? Do the other parties in the public broadcasting community agree with these changes?

Answer. CPB is not satisfied with the formula for allocating federal funds that is now in the statute.

Briefly, the current statutory allocation provides the following:

Not more than 5 percent of CPB's appropriation may be used for CPB's administrative expenses (which actually are about 4.4 percent;

Not less than 5 percent, but no more than 10 percent, is to be used for system-wide expenses, such as nine specific areas cited in the statute;

75 percent of the remainder (or 67.5 percent of the total approrpriation) is allocated to public television services (with a further 75/25 percent breakdown of this amount to television stations and television programming, respectively); and

25 percent of the remainder (or 22.5 percent of the total appropriation) is allocated to public radio services (with a further requirement that not less than 50 percent of this amount be provided to radio stations, and not more than 50 percent to radio programming).

Thus, 90 percent of CPB's appropriated funds is mandated to be allocated to public television services and public radio services. Of the remaining 10 percent, not more than 5 percent may be used for CPB's administrative expenses; and not less than 5 percent, but no more than 10 percent, is to be used for system-wide expenses, of which nine examples are listed in the statute (viz, ". . . research, training, technical assitance, engineering, instructional support, payment of interest on indebtedness, capital costs relating to telecommunications satellites, the payment of program royalities and other fees, and the cost of interconnection facilities and operations. . .")

Few corporations operate under such severe fiscal structures. These constraints are especially inappropriate for CPB, considering that CPB was established as a private corporation to insulate it from undue governmental control. From the standpoint of both public policy and public administration, CPB views the current statutory allocation as unduly restrictive and an inhibition upon management discretion and initiative.

Thus, CPB has proposed that the statute be amended to increase CPB's discretion over the 5 percent or more of its budget that is allocated to system-wide expenses, by deleting from the statute list of expenses that are included in that 5 percent or more. CPB is committed to keeping its own expenses under 5 percent, and thus seeks no modification of that statutory requirement. CPB is also committed, through contracts and budgetary history, to long-term support of certain basic system expenses. Deletion of the specific list of areas of expenses to be funded from the 5 percent or more will not jeopardize the system's security that its basic needs will be funded, and it will increase CPB's ability to fund unexpected system-wide expenses and opportunities.

Turning to the specific expenses that are listed in the statute, CPB is obligated under a multi-year contract to pay 50 percent of the costs of television interconnection.

Public radio, on the other hand, has voluntarily assumed responsibility for its interconnection costs.

As for "capital costs relating to telecommunications satellites," CPB has assumed this obligation and has budgeted retirement of this debt by 1986.

As for the remaining seven items of expenses—"research, training, technical assistance, engineering, instructional support, payment of interest on indebtedness, . . . (and) the payment of programming royalties . . ."—CPB, historically, has paid for such expenses out of its annual budget. Moreover, in so doing, CPB has twice elected not to exercise its right under existing law to pass along to the stations such costs in excess of 6 percent of the amount of funds appropriated to system-wide expenses.

Consequently, because these specified expense examples are addressed either by multi-year contract or by CPB's budget process, CPB has proposed that the nine cited examples of expense be deleted, and that more general language be substituted (viz., "expenses that the Corporation deems necessary to incur to achieve the objective of this subpart,"), to provide CPB some minimal discretion.

In addition, CPB has proposed repeal of the provisions concerning the sharing of interconnection costs and revenues, the so-called "6 percent trigger," which enables CPB to pass excess costs on to the stations.

CPB would propose no other change to the statutory allocation. The allocation of 90 percent of CPB's appropriated funds to public television services and public radio services would be retained, as would the 5 percent "cap" on CPB's administrative expenses.

By way of example of how such greater discretion might be used, CPB's Board Chairman, Sharon Percy Rockefeller, has noted the following kinds of funding opportunities:

Challenge Grants.—In 1983, CPB's $5 million yielded $15 million from stations for a total of $20 million to fully cover the Community Service Grant gap during the first years of cuts. Or CPB's $500,000, which is being used to match a potential foundation grant for special election coverage;

Advertising, promotion, and the Station Independence Project;

Extension of public radio service from its current 70 percent penetration to ensure nationwide service; and

Programming—National, local, and targeted (e.g., children, minorities, senior citizens and the homebound).

As Chairman Rockefeller recently summarized before Congressional committees:

CPB seeks flexibility only within the 10 percent of its appropriation that is allocated to CPB and system-wide expenses, retaining both the 5 percent cap on its administrative expenses and the balance of 90 percent of its appropriation allocated to television and radio;

The public broadcasting system's needs are different today than in 1981 when the allocation formula was enacted, and indeed, cannot by predicted for 1987–1989 period of time to be covered by CPB's current reauthorization legislation. This change and uncertainty underscores CPB's need for some flexibility to manage effectively for future needs;

The nine specific expense examples presently cited in the statute, which are within the 10 percent allocation, are currently addressed by CPB either through contract in the case of interconnection costs, or on an annual basis through its budget process; and

In short, contrary to the trend in commercial broadcasting toward deregulation, in public broadcasting, the statutory allocation imposes increased regulation or micro-management on CPB; this duality of treatment is anomalous.

The members of the CPB Board of Directors were nominated by the President and confirmed by the Senate to manage CPB for the maximum good of the public broadcasting system. This amendment (copy attached) is being sought for just that objective—to provide CPB greater ability to serve the good of the system.

For this very simple and straightforward reason, favorable consideration of providing CPB greater, albeit limited, discretion is urged.

Finally, it is our understanding that others in the public broadcasting community do not agree with CPB's proposed changes to the statutory allocation formula.

AMENDMENT TO S. 2436

At page 2, immediately after line 8, insert the following new section:

"SEC. 3. Section 396(k)(3)(A)(i)(II) of the Communications Act of 1934, as amended, (47 U.S.C. 396(k)(3)(A)(i)(II)) is further amended—

> "(1) by striking 'incurred by the Corporation, including research, training, technical assistance, engineering, instructional support, payment of interest on indebtedness, capital costs relating to telecommunications satellites, the payment of programming royalties and other fees, and the costs of interconnection facilities and operations (as provided in clause (iv)(I),';
>
> "(2) by inserting in lieu thereof, 'that the Corporation deems necessary to incur to achieve the objectives of this subpart,'; and
>
> "(3) by repealing section 396(k)(3)(A)(iv) and 396(k)(3)(A)(v) of the Communications Act of 1934, as amended (47 U.S.C. 396(k)(3)(A)(iv) and (v))."

Question. The independent producers have raised many problems concerning the funds they receive from public broadcasting. Are there problems, and if so, are they being addressed?

Answer. The Corporation has systematically addressed the funding history for independent producers. Since its inception in 1980, the Program Fund has increased grants to independent producers from 33 percent to 43 percent in 1983. In addition, the Corporation has stated that if additional dollars are made available through the supplemental appropriation for fiscal year 1984 a substantial portion of that increase will be devoted to the Open Solicitation process and therefore available through the competitive process to the independent producers. We have strengthened the process by which views may be exchanged by establishing three meetings annually between representatives of the independent producer community and the Program Fund staff. We have agreed to study ways in which panel members may reinstate proposals for consideration for funding and establish some continuity of representation from panel to panel. Also, we have, for the present, agreed that beginning in fiscal year 1985 we will eliminate productions from the Frontline series as part of the statistical data on independent productions. Finally, we have reaffirmed our intention that significant portions of the available program production dollars should be devoted to the independent producers.

Question. How many minorities are presently in decisionmaking positions which affect acquisition, scheduling, promotion, development and research for programming at National Public Radio and the Corporation for Public Broadcasting?

Answer. Scheduling is not applicable (N/A) to either NPR's or CPB's responsibilities. Similarly, research for programming falls outside of the scope of CPB's responsibilities. Otherwise, minorities presently in decision-making positions in the above referenced job categories at NPR and CPB are reflected below:

	NPR	CPB
Acquisition	3	2
Scheduling	NA	NA
Promotion	4	2
Development	0	0
Research for programing	0	NA
Total minorities	4	2

Question. How many minorities presently sit on the Programming Advisory Panel (PAP) to assist in all phases of the programming proposal and decision-making process?

Answer. We would like to clarify one point. The question refers to one Programming Advisory Panel but in reality there are many panels that sit in an advisory capacity with the Program Fund staff throughout the entire year. For instance, in FY 1983, the most recent year for which statistics are completed, 86 individuals participated on 12 panels. Of this number 22 percent represented minorities. All panels are gathered with a great deal of effort spent in getting various ethnic groups represented. The number on each panel may vary due to availability of individuals at any specific time during the year. CPB also holds annual panel reviews for all of its national radio program production contracts. Twenty-seven panelists participated and 23 percent of them were minorities.

Use of minorities is only one of several factors that must be addressed in the composition of all advsiory panel. Others are regional representation, women, station representatives, independent producers, specific areas of expertise and other nonstation peopel

Question. What are your present and future goals regarding the percentage of dollars to be allocated for programming and production for and about minorities?

Answer. The Corporation's responsibility to fund programming by and about minorities is pervasive throughout the decision-making process. Every effort is made to give a substantial amount in grants to producers of programs by and about minorities that will ultimately add stature to public television. During FY 1983, 21 percent of the Program Fund program production dollars was awarded to projects by and about minorities. Many of these programs were broadcast as part of the prime time schedule by the majority of the member stations in public broadcasting.

An additional 0.6 percent of CPB funds have been committed to five minority programming consortia. These consortia have responsibility to acquire and/or produce programming by and/or about minorities for public broadcast use. When combined with the percent of CPB Program Fund programming production dollars, the CPB commitment in this area is increased to 21.6 percent.

Question. CPB's minority employment record for 1983 shows that 27 public television and 125 public radio stations have no full-time minority employees, and 23 television and 71 radio stations have no full- or part-time minority employees. How do you plan to increase minority employment for these stations?

Answer. The Corporation administers an Employment Outreach Project that provides public broadcast stations with information about skilled minorities available for employment. Forty-two (42) persons have been successfully placed since 1982.

EEO requirements for CPB grant and contract recipients is a CPB initiative to satisfy itself that public broadcast stations are aware of their equal employment responsibilities, and to determine the results of the application of affirmative employment actions at the station level. When no, or a low number of minorities have been identified among permanent full-time employees at particular stations, these stations have been contacted specially to advise of the availability of CPB assistance to help them to identify skilled minority professionals for hire. (See attached copy [1] of the CPB/EEO Grant and Contract Policy and Requirements for Recipients.) Because the parameters of CBP's legal authority to directly affect minority employment at the station level is otherwise limited, the Corporation intends to continue its efforts to increase the size of the pool of potential minority applicants for employment at the station level as much as resources will allow.

Question. Do you have plans to increase minority control of public broadcast stations now and for the future?

Answer. The Corporation seeks to enhance the capacity of minority and other underrepresented group to develop stations toward full broadcast qualifications through its Management Opportunity Program (M.O.P.). The M.O.P. provides financial assistance to minority-controlled public radio and television licensees whose progress toward becoming CPB-qualified merits furthers assistance. Eligible stations or projects receive CPB assistance in three critical areas: personnel/management development, station/project upgrade and evaluation support especially for station operation efficiency, and service potential to a market area.

Question. What percentage of CPB's budget now and in the future will go toward training activities for women and minorities?

Answer. The Coporation has committed 0.5 percent or $665,000 of its FY 1984 available funds for training. Although women and minorities are included in all CPB funded training events, 41 percent of the training budget was committed to women's and minorities' training grants. The Corporation has allocated $480,000 (0.4 percent) of its fiscal year 1985 total budget for training. Forty-eight (48) percent of the total training budget will be committed to women's and minorities training.

Question. Do you have present and future plans to seek out and utilize the resources of more minority and women directors, producers, script writers and researchers for minority and women's programming?

Answer. The Program Fund personnel are continuously searching for projects that involve women and minority producers, directors, etc. As we have done in the past and continue to do, we have an on-going effort to "seed" certain excellent projects that involve minority and woman in many capacities of responsibility in children's programming, drama, cultural documentaries and substantive public affairs programs. As the Program Fund staff interacts, with producer, they continually remind the prodcuers of CPB's concerns, and these areas become their concerns as well.

The Corporation also provided financial support for three women to be trained at the American Film Institute to direct films. Another fifty women are being supported by CPB in a production workshop. These projects add to the pool of qualified women directors and producers who may be available to public broadcasting.

Additionally, CPB seeks to expand the level of participation of minorities and women through its Advanced Production Forum. This activity is designed to seek out productions by minorities and women which have the potential for broadcast. The Forum provides technical assistance for selected minority or female producers in all phases of program development including preproduction, script writing, postproduction and packaging.

Senator GOLDWATER. Panel No. 2 will be Mr. Boyd Rooney, manager of KUAT-TV, University of Arizona; Mr. Elmo Sackett, KAKM, Alaska Public TV from Anchorage, Mr. Henry Cauthen, South Carolina ETC Commission, and Mr. Bruce Christensen, president of the National Association of Public Television Stations here in Washington.

Gentlemen, would you please be seated.

Mr. Christensen, I believe you want to introduce this crowd.

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[1] The attachment is in the committee files.

STATEMENTS OF BRUCE CHRISTENSEN, PRESIDENT, NATIONAL ASSOCIATION OF PUBLIC TELEVISION STATIONS; HENRY J. CAUTHEN, SOUTH CAROLINA ETV COMMISSION; W. BOYD ROONEY, GENERAL MANAGER, KUAT-TV, TUCSON, ARIZ.; AND ELMO SACKETT, KAKM, ALASKA PUBLIC TELEVISION

Mr. CHRISTENSEN. Thank you very much, Mr. Chairman. I do and I want to thank you for allowing us to have WETA channel 26 cameras here to help with the broadcast coverage of this hearing today.

Since becoming President of the National Association of Public Television Stations, I have had no greater privilege than this opportunity to testify in support of S. 2436, the legislation that you and Senators Stevens, Hollings, Inouye, and Ford introduced last Monday.

Enactment of this legislation and appropriations accompanying it will preserve the public service that public television is now providing to the citizens of this country. Joining me here today are representatives of three of our public television licensees to help me the public television story.

The first chapter of our story can be summarized as follows: We can see how great educational television can be just by looking at what is being done in South Carolina today. To explain that story is Henry Cauthen, president of the South Carolina ETV Commission, vice chairman of the PBS Board of Directors, and a member of the first and second Carnegie Commissions on the future of public broadcasting.

According to American education, South Carolina spearheaded the movement which was to turn television into the most powerful educational tool of the century and, I might add the envy of the public television manager in the country. Senator Hollings played a critical role in developing this model of public television service, and we all join in thanking him.

Boyd Rooney, the general manager of the University of Arizona's public station and KUAT in Tucson, is here to describe Arizona's postgraduate engineering services and our nationwide educational agenda for the future.

Elmo Sackett, executive director and general manager of the Alaska public television Station in Anchorage, will tell the facilities part of our story, that the nationwide system we have taken 30 years to build is in danger of decay. Unless we preserve its infrastructure, we cannot and will not be able to deliver our programming services to the American people.

Finally, Mr. Chairman, I would like to conclude with a summary of the severe financial straits that we have suffered during the last 2 or 3 years.

We will start with Henry.

Senator GOLDWATER. Mr. Cauthen.

Your statements all will be printed in the record in full, so you can proceed as you wish.

Mr. CAUTHEN. Thank you very much, Senator. I do have written comments that will be presented, and I will try to just highlight the points that I think will be of most interest to you.

I do want to add to what Bruce said about Senator Hollings. He was the Governor of South Carolina when our ETV system began, and the one thing that then Governor Hollings insisted was that we create a system in South Carolina that could serve all of the people of South Carolina, and that would have an impact on all levels of education. That pushed us into searching out new technology because there was really no technical way of doing it at that time.

The solution that we came up with was the development of a statewide closed circuit cable television system. Twenty years before cable became commercially viable, South Carolina had a statewide cable system to serve education. We then enhanced that with a statewide broadcast coverage system in both television and radio.

What did we do with that? Well, we took the cable system to 500 locations throughout South Carolina—secondary schools, higher education institutions, hospitals, police departments, state agencies, and other appropriate locations such as that. The broadcast system served our elementary schools, and then radio served all of them together.

What we were able to do with that was transmit six simultaneous signals over the closed circuit cable system, and broadcast signals throughout the State of South Carolina. This allowed us to have a significant impact on education at all levels. We were able to really reach in and try to make major contributions to the education process.

For instance, we are providing continuing education service for teachers. Right now, 5,600 teachers in South Carolina are able to upgrade their certification and get advanced credit right in their own school building, in their own classrooms for that matter.

As far as higher education is concerned, there are about 4,000 students who are studying totally through television. Most of these are people who are on the job. They do not have to leave their jobs or families to get master's degrees in business administration and engineering.

I think a significant point is that 65 percent of the master's degrees in business administration and in engineering offered by the University of South Carolina this past year were through television. They were gotten totally through television, 65 percent of them, and the trend is continuing.

In addition to that, we are serving medical education. 8,000 medical professionals got about 70 hours of medical education each week, and these are nurse positions, lab technicians, and so forth.

We have had going for 15 years a program for the training of law enforcement officers throughout South Carolina, 4,500 of them every month.

I think it is fair to say that South Carolina has come closest to developing a comprehensive statewide communication system. It is the most comprehensive of any in this country, and I think probably in the world. I think that a question that is on most people's mind when we talk about this kind of sophistication in communications is cost.

South Carolina, obviously, is one of the poorest States in the Union. How did we build this sort of system, and how much did it cost?

Well, we built it out of need, because we had real need to serve education. But the bottom line, the $12.2 million, and that adds up to something like $3.81 per capita, sounds like a lot of money, and it is compared to the 59 cents that the Federal Government is now appropriating, but it is only 1.2 percent of our State's education budget.

It is serving not only education, but it is serving the general public. One out of every six South Carolinian is enrolled in some sort of formal course of education through ETV right now.

In addition to that, we do the public programing in the evening. We are one of the largest suppliers of Public Television. We are part of the Great Performances Consortia, and American Playhouse. We produce "Firing Line." We did "Lowell Thomas Remembers." We do children's programing. So we are completely involved in the overall scope of public broadcasting.

However, even as well as we are doing, with the strong support that we have had from the State, the Federal cuts have come. The cuts that the States have suffered in the last several years, have cost us 20 percent of our staff, and we have had to cut back significantly on our programing.

So, sir, I urge you, all the support that we can get federally, we can use very well. We cannot do the job by ourselves. We think that we have made a good start, and I think we are proving that education can be well served by television.

Thank you, sir.

[The statement follows:]

STATEMENT OF HENRY CAUTHEN, PRESIDENT, SOUTH CAROLINA ETV COMMISSION

Mr. Chairman, I am pleased to have the opportunity to appear before you today. I enthusiastically join Bruce and public television station managers throughout the country in endorsing S. 2436. I want to add my own special thank you to Senator Hollings for his contributions to public television, not just in South Carolina but throughout to the nation as well.

I think it is fair to say that we have, in South Carolina, the most comprehensive educational television service in the nation--over 80 hours a day in educational telecasting service to our citizens using both broadcast and closed circuit technology.

For our children in elementary and secondary schools, we deliver over 140 instructional television series a year. School principals appoint special instructional television and radio coordinators to ensure the best possible use of this programming throughout the school. In addition, we provide utilization consultants at the regional level to assist with workshops, teacher in-service training and PTA projects.

Every school day, from 3 to 4:30, we provide staff development programs for in-service teacher training—programming that can be used at school or in the home, for teacher certification or college credit.

For the last sixteen years, we have been helping minority young people make the transition from school to work with Jobman Caravan, a weekly job-oriented series with young people as its target audience. It mixes entertainment with job profiles, success stories, consumer information and advice from national and local figures.

Fifteen universities and private colleges in South Carolina—the State University System, the two-year institutions and the technical schools—work with us to provide 88 college credit courses a year. Nearly 4,000 students enrolled in these classes last year; they received credit for courses ranging from librarianship and pharmacy to developmental disabilities, sociology, and education. Some of them are working toward master's degrees in business administration and engineering education. Since these programs are telecast to technical centers and regional campuses of the university system throughout the state, our citizens can work fulltime and attend night classes from Columbia, communicating with the instructor through a two-way audio system. The program has become so successful that 65 percent of the graduate degrees in business administration and engineering that are conferred by the University of South Carolina each year go to these telecast students.

But continuing education is not for teachers and engineers alone. Continuing education and career development is important to virtually everyone in the workforce. Over 500 occupations require relicensing. Over one-third of all American adults are either changing or thinking of changing careers at any one time; most need additional education to do so successfully. In South Carolina, we have attempted to become part of the solution to this problem.

To foster the educational goals of the medical community, we provided about 1,400 programs last year, linking our 29 teaching hospitals as well as 15 viewing sites of the Department of Health and Environmental Control. Because of our unique two-way television system, physicians in Columbia can talk with their colleagues in other parts of the State. This system provided 41 medical specials and 12 satellite programs to the medical community last year alone.

For agencies and departments of the state government, we delivered 824 programs and related services—from slide-tape and multi-image programs to closed-circuits, public service announcement, print materials and videotapes. What this means is that state employees can get together over the air, without extra expenditures for travel, per diem and meeting places—and save the state hundreds of thousands of dollar each year.

We have a mandate to serve business and industry as well. We fulfill it through a partnership with the Educational Resources Foundation, a non-profit, educational producer of industrial and business training programs. The 80 different titles, supported by extensive written materials, cover subjects such as textiles, metal working, and hospitals. For example, the newest project is entitled "The Path of Least Resistance." It is a safety film about electrical hazards in industry, supplemented by a leader's guide to assist utilization of the film. Another program, Shop Math and Basic Measurement, co-produced with the Special Schools Division of the State Board for Technical and Comprehensive Education, teaches basic skills needed in virtually all industrial shops. The purpose of the program is to insure uniform competency and to reduce the time needed to reach that competency with video-driven learning modules, an extensive student workbook and detailed leader's materials. Our agenda for the future includes a two-part supervisory program on enforcing safety rules, a program to assist industry in reducing back injuries, a safety film for handling chemicals in response to new OSHA regulations and a program for supervisors and workers concerned with the cost of accidents, to the company and to the individual in both economic and human terms.

Let us conclude by describing our law enforcement training program. To help law enforcement officers meet the challenge of increasingly complex law enforcement programs, we produce a monthly series called Crime to Court. As a result, about 4,500 police officers, magistrates and other law enforcement professionals benefit from a convenient and inexpensive continuing education program. The booklet which accompanies each month's program restates the legal information, provides in-depth explanations and other related court decisions, and becomes a frequently used ready-reference guide.

Services like these are just as important to the other 49 states of the union as they are to South Carolina. But, for the most part, they aren't available elsewhere. Most stations just don't have the variety of delivery systems that we do. Most couldn't affort the electricity and related costs to run them if they had them. In fact, in most of the country, just providing a single signal to the public is a day to day challenge.

Most stations want to provide these services. A few, like my colleague from Arizona, have been fortunate enough to be able to begin the effort. I turn to Boyd Rooney for his part of our story.

Senator GOLDWATER. I think you do a wonderful job down there. I am well aware of what you are doing. The Air Force started a program like that many, many years ago, when we first started to dig silos. We made it possible for the men on duty to proceed toward their master's degree. It is amazing the number of them who did get their master's degree. In fact, we had a few doctorates given down in the holes in the ground.

I wish we could get more organizations to do that. When people have to sit doing nothing for 8 hours, if they had something educational to look at, they could improve themselves for jobs further along the road. I want to congratulate South Carolina on this. I can assure you that Senator Hollings keeps us well aware of everything that you are doing.

Now we get out to the far West, where we really don't have a lot of troubles. Mr. Rooney.

Mr. ROONEY. Thank you very much, Senator Goldwater.

I appreciate very much the opportunity to be here to testify in support of S. 2436. I thank you sincerely for the introduction of this bill at this time. It is extremely timely to the 130,000 viewers of KUAT in southern Arizona, and also to the many people who work at IBM, Burr Brown, and the other electronics industries in southern Arizona who work on graduate degrees through our ITFS system.

We are on the threshold at this particular time of being able to continue our service or to reduce it. We have just been through our March campaign as have many States throughout the PBS system, and we did not do well. I am not exactly sure why. I know that the economic conditions of southern Arizona will be a part of that in our final analysis, but we are not sure what else is there.

We are concerned with the programing that we receive from our national bases, and its means of inducing our contributors to contribute to us.

You may not be aware, sir, but since the Federal funding began to recede in recent years, we in Tucson have had to go to the public sector, go to the corporations, and our individual viewers and listeners to measurably increase the level of giving that has been necessary to support our operation.

In the last 4 years, we have increased threefold the amount of local giving, but we are concerned now, facing a shortfall of 10 percent, or $100,000 by the end of this fiscal year. We are concerned that we have plateaued in that marketplace in being able to increase further the contributions from that segment.

I want to also make you aware of some of the activities in our higher education. We are operating ITSF systems in Tucson and in Phoenix, and we are now proposing the interconnection of those two systems, hopefully through a successful public telecommunications facilities grant that is currently under consideration.

Once that is done, we will be interconnecting our Public Broadcasting Stations to increase the efficiency of our evening production on both stations by sharing resources between the two stations, and also by sharing courses from the University of Arizona and Arizona State University on our ITFS systems. So we are looking forward very much to that.

I would like to make you aware also of our recent interconnection with Fort Huachuca and the Sierra Vista area, where we are supplying high tech graduate courses, or will be as the system was just fired up last week in succeeding semesters.

Our funding problems are very real. The timeliness of the submission of the numbers contained in S. 2436 is very, very appropriate for Public Broadcasting at this time. The community of education, both for our children and for adults throughout this Nation, thanks you sincerely for your assistance.

I have a written statement that will be submitted for the record, and I will be happy to respond to any questions as they may be appropriate, Senator.

Thank you.

[The statement follows:]

STATEMENT OF BOYD ROONEY, GENERAL MANAGER, KUAT-TV/AM AND FM, TUCSON, ARIZ.

I appreciate the opportunity to join the chorus in support of S. 2436. I know I speak for the 130,000 viewers of public television in Southern Arizona in thanking you for leading the way toward the restoration of our struggling service.

The timing of this hearing could not be more appropriate. Public broadcasting is virtually at a threshold. We can see the potential to serve the American public in ways we never dreamed possible. Yet, as we look through that threshold, we face a financial crisis that may preclude going forward. In fact, if not resolved, we may well go out of business.

If we go out of business, it will be at a time when we have the greatest potential to serve the American public and industries of this nation. KUAT, and many other stations, are planning for the tremendous opportunities available to us through new technologies. The planning for telecommunications systems is based upon considerable experience.

In Arizona, we are now operating extensive ITFS (Instructional Television Fixed Service) systems in Tucson and Phoenix. Graduate level, high tech, engineering courses are originating from the University of Arizona and Arizona State University. These courses are being used by IBM, Burr Brown, Hughes, Motorola and other electronics firms. Both ITFS systems are interactive and capable of feeding materials from the national satellite system. KUAT's ITFS service has just been extended to serve the Army's electronics facility needs at Ft. Huachuca and Sierra Vista. And, pending a successful PTFP grant, we expect to build a multi channel, two-way link to interconnect the Tucson and Phoenix systems.

In Tucson, we hope to expand our ITFS capability from two to as many as twenty channels. KUAT and the University of Arizona have served as a catalyst to form a local consortium for the operation and programming of the system. Twelve channel applications have been filed with the written support of Pima Community College, the Tucson Unified School District, and other secondary systems in the area.

But what we are doing in South Carolina and Arizona is the last mile in the race for educational achievement and industrial competitiveness.

The special role of public television is to be in this race from the very beginning, starting with our youngest children and following them and their educational aspirations right through high school.

We have made an important beginning, with children's series like "Sesame Street," "Mr. Rogers Neighborhood," and "The Electric Company." These programs are targetted at our youngest children, who have "no place to go" after they outgrow them. What we need to do, but cannot, is:

Provide a whole summer reading series like "Reading Rainbow," to maintain June reading levels through to September. But we only have enough money for a single week of new programming next summer;

Reinforce messages from the classroom at home—with a full year of programming like "3-2-1 Contact" and a companion math series;

Provide science oriented programming that the whole family can enjoy—"Nova" and "Nature" are a start; we could do far more.

Programming for children at home is only one-third of the story. The second part is instructional programming in our elementary and secondary schools. Over 80 percent of our licensees deliver this programming; it is regularly utilized by over 15 million children in one-third of our nation's classrooms. Many of these program series are aging—not targeted to present needs, particularly in the science and math area. What we should be providing is:

A full year of science and math in-school weekly programs at three learning levels;

A semester of science and another semester of math for 7th, 8th and 9th graders, with specialized teachers and lab experiments;

Support and preparation telecourses for high school teachers targeted at the "endangered species"—traditional high school course where the shortage of qualified teachers nationwide threatens the promise of equal access to educational achievements;

Experimental interactive courses for highly motivated advanced learners, to permit teachers to work with small groups and individual learners;

Experimental interactive courses in remedial reading, math and science, again to permit teachers to target the special needs of students;

And an information support program to ensure teachers and principals are fully acquainted with these series and have the necessary written material to accompany it.

The third vital element of this plan is working directly with our communities—with parents, teachers and community leaders to encourage educational progress and deter teenage temptations:

Last fall, we took a giant step in this direction with "The Chemical People," hosted and promoted by Nancy Reagan. Two hundred sixty public television stations across the country wanted to do more than understand the problem—that drunk driving is the leading cause of death among 15-25 year-olds and that 34 percent of high school seniors are regular users of drugs. We wanted to become part of the solution. We worked with community groups throughout the year. The result—during the November broadcast of this series, 11,000 community meetings were held nationwide. In Tucson alone, KUAT involved over 2,000 people in organized "Chemical People" action groups. Follow-up local programs were aired on most stations and work with these community groups continues throughout the country.

This spring, we will undertake a similar effort with "Your Children, Our Children"—working with parents, teachers and community groups to understand and address the multitude of issues with which teenagers and adults must cope.

Your legislation, Mr. Chairman, permits us to make a significant down payment on this agenda, and I speak for the whole public television community in thanking you for your leadership for our collective future.

Senator GOLDWATER. Mr. Sackett, would you care to proceed?

Mr. SACKETT. Thank you.

Good morning, Mr. Chairman. I am pleased to testify in support of S. 2436, and add my endorsement to that of my colleagues. I especially want to thank Senator Stevens for his cosponsorship.

I would like to focus my remarks this morning on the public telecommunications facility program in the Department of Commerce. There is a lot of discussion about programs and programing, but if you don't have the hardware, the programs don't get out to the people.

After 30 years of investment by individuals, businesses, States, State government, local governments, and the Federal Government, we have constructed a television system that reaches nearly all Americans. In fact, some—the authors of the administration's budget request—would suggest that the work is done, that the program is complete and should be terminated.

We respectfully suggest just the opposite. If we had to build the system today, it would cost $1.4 billion, but because we built it very slowly, over a number of years—by the way, there are 300 transmitters and about 500 low-power stations in the Public Television System today, that accounts for $529 million to construct, and the Federal share of that, of course, is about 25 percent. That does not include land or buildings. The facilities program, as administered through NTIA, does not provide any funding for buildings or for land. It is all left up to the local licensee to find those dollars.

The system that we worked so hard to build is beginning to deteriorate. It would cost about $180 million a year just to replace what is breaking down at the rate that it is breaking down and the way it is getting obsolete. We are asking the Federal Government to continue that partnership with public broadcasting, with local and private institutions and private donors, to a share of about 25 percent. That accounts for about 21 cents per person per year in the country to assist public broadcasting with facility needs.

We are asking for Federal support in the amount of $50 million for fiscal year 1985, $53 million for fiscal year 1986, and $56 million for fiscal year 1987. We are very, very aware of the serious pressures on the Federal budget, and if there were some way for us to get this money, I believe we wouldn't be here asking for it. But it is just not the case.

Every public television manager that I talk to says the same thing. We have tremendous local support, but there is a limit to it. We need to have the kind of appropriations that make the system possible, and it is much easier for us to get those State appropriations, those local dollars if we have that matching principle involved. The match opens the door. It may be the most important fund-raising tool that we have in this regard.

There are three basic purposes for which we need the money. The first is for service. Believe it or not, there are still pockets of darkness in America. There are places where you can't see public television or hear public radio. About 5 percent of the population of your State, the State of Arizona, have no public television service. About 10 percent of the people of Alaska do not see public television. Completing that nationwide system must be a very high priority, but it is a smaller priority than it was in the past.

Second, signal quality improvement is also very important to us. It is not just enough to have a television station. You have to be able to see a picture, and not just snow. Equipment replacement is the most important part of what we in public broadcasting must do today.

We are seeking a change in the current law to eliminate that 75 percent requirement that requires public broadcasting to expend those funds on new service stations. We simply must go back and rebuild the system that we have. We just cannot continue to gerryrig things together. We have got to make sure that the system works to provide the service to the people that we are all trying to serve.

At the moment, there are 324 separate requests before NTIA for funds, accounting for almost $80 million. NTIA has $11.8 million to spend this year. From Alaska alone, we have a request before NTIA in the amount of $970,000, and that accounts for about one-twelfth of the full amount appropriated for NTIA for this year.

Believe me, those are real needs. They are needs like new radio stations; a $500,000 grant to my station to move our tower antenna from a very, very bad place; new television service at KOAC in Fairbanks.

The dollars will be used wisely, but we must simply have the Federal support that your committee is recommending in order for us to move ahead.

Thank you very much.

[The statement follows:]

STATEMENT OF ELMO SACKETT, EXECUTIVE DIRECTOR AND GENERAL MANAGER, KAKM-TV (ALASKA PUBLIC TELEVISION, INC.) ANCHORAGE, ALASKA

Mr. Chairman and Members of the subcommittee, I am pleased to testify in support of S. 2436 and add my endorsement to that of my colleagues. I especially want to thank Senator Stevens for his co-sponsorship. I would like to focus my remarks on the provisions dealing with the Public Telecommunications Facilities Program in the Department of Commerce.

After 30 years of investment—by individuals, businesses, state and local governments and the Federal Government—public television service has been extended to almost every American. Some, including the authors of the Administration's budget request, suggest the work of the facilities program is complete and Federal support can and should be terminated.

We respectfully suggest just the opposite course. If we had to build the system we now have from scratch, it would cost $1.4 billion in 1983 dollars. Because we built it slowly over the years, the present day value of the public television network—300 transmitters and 500 lower power translator stations—is $629 million, excluding the land and buildings, which are not eligible for the federal match. The total Federal contribution over the last 20 years, represents 26 percent of that amount.

But the system we worked so hard to build is deteriorating rapidly—it will cost about $180 million a year to preserve it through replacement of obsolete equipment. And, it will cost about $20 million a year to provide first service to those Americans who contribute to public broadcasting as taxpayers but have no access to it.

We are asking the Federal Government to continue its partnership with non-Federal income sources to extend and preserve this system. We are seeking about the same Federal percentage share commitment—25 percent of our total annual estimated cost of $200 million a year—a contribution of about 21 cents per person per year, or a total of $50 million for fiscal year 1985, $53 million for fiscal year 1986 and $56 million for fiscal year 1987.

We are well aware of the serious pressures on the Federal budget. We would not ask for Federal funds for this program if we thought we could do without them. We simply cannot. Every public television station manager in the country has the same perspective: We have great local support, but there is a limit. Particularly now, given the economic conditions, it would be impossible to secure State appropriations without the promise of the Federal match. It is the match which opens the door. It is simply the most important fundraising tool we have.

We seek these funds for three purposes: (1) extension of first service nationwide; (2) improvement of signal quality; and (3) equipment replacement.

First Service.—There are "pockets of darkness"—areas where a public television signal cannot reach—throughout the country—from 10 percent of the population of Alaska to 50 percent of the peopel in Arizona. They still don't have public radio service in the Conway-Myrtle Beach area or in Greenwood, South Carolina. The same is true for 5 percent of our citizens in Alaska. Completing the nationwide system is and must remain our first priority, though a much smaller percentage of total funding will be needed for this mission than was necessary in the past.

Signal Quality Improvement.—About half of the American people who technically have access to a public television signal cannot get a good quality picture. So when we talk about nationwide service, we mean making the necessary investment so that our citizens can see our programing rather than simply patterns of show and lines.

Equipment Replacement.—Our most pressing need is equipment replacement. Therefore, we are seeking a change in current law to eliminate the requirement that 75 percent of the PTFP funds be expended on new radio and television stations.

Although we could build slowly, we cannot control the replacement schedule. Equipment ages without deference to our pocketbooks or pressures on the Federal budget. Because we cannot avoid equipment replacement, we have increasingly gotten into the position of robbing Peter to pay Paul—cutting back on local service because we can't afford the equipment and cutting back on the amount of programing we buy because we can't keep both the equipment and the programing going.

What we are going is juryrigging our equipment, binding it together with bailing wire, to keep it going a few more months or years. But public television station equipment, just like a car or any other interconnected mechanical device, can only run beyond its estimated useful life for awhile. Ultimately, you have to invest in a new part. This is exactly where we are today.

Every television station needs a transmitter to deliver its signal to the public. The average useful life of a transmitter is about 15 years. Even if they last the full 15 years, our stations start having trouble getting replacement parts. The Seattle transmitter is 20 years old. In Kentucky, all 15 of their transmitters are over 15 years old. In South Carolina 4 are over 15 years old, and another 4 will reach retirement age in the next few years. In South Dakota, 75 percent of the State will lose public television service if the aging transmitters in Vermillion, Brookings, and Rapid City finally break down. This is exactly what was happening in Hawaii until they got a $675,000 grant from NTIA last year for replacement. At least 96 of our transmitters nationwide are in this very situation.

The same thing it true for cameras, except that their useful life is just about 8 years. This problem stretches coast to coast as well—from Kentucky, where they must replace all 7 cameras, to Tuscon, Phoenix, Tacoma and Hawaii.

The replacement needs of our system have reached a crisis point where they can no longer be ignored. Even if the $50 million we are requesting were available at this very moment, the applications on file could not all be funded. Right now, there are a total of 324 separate requests for a combined total of $72 million—backed by a commitment of $29 million in local funds. The Anchorage application alone is for $500,000. Alaska has four other applications—to provide first radio service to the Pribiloff Islands and the rural areas around Ketchikan, and equipment for 1 television and 15 radio stations which total nearly as much. But with today's appropriation, which matches the authorized spending level, only one in seven of all of the applications on file can be funded.

So we hope you can agree with us that 21 cents per person per year is not too much to spend to save what would cost well over $1 billion to replace—the infrastructure without which we could never see another Sesame Street, Nova or Masterpiece Theater.

Senator GOLDWATER. Thank you very much.

Mr. Christensen, I believe you had a formal statement that you wanted to make.

Mr. CHRISTENSEN. I do have, yes.

Senator GOLDWATER. You go right ahead.

Mr. CHRISTENSEN. Let me just summarize, I think, the fiscal situation over the last 3 years for our licensees.

The Federal cuts to the Corporation for Public Broadcasting have not been the only cuts sustained by public television and public radio. Cuts to the Department of Education have eliminated funding that has traditionally gone toward children services.

Over the last several years, the Department of Education had put into "Sesame Street" and "Electric Company" over $50 million, and all of that funding has been eliminated.

The National Science Foundation, in funding for science and math programs, was eliminated and only recently has been reinstated. We are beginning to get more funding now for programs like "3-2-1 Contact."

In the State, local government and university areas, once we got passed the 1982 level, the impact of the Federal support for education and other services as they had been eliminated, there was a corresponding effect at the State level.

In Washington, State appropriations dropped to zero and support from the University of Washington fell from $450,000 to $72,000 for the station in Seattle. Elsewhere, support was simply frozen. South Dakota, there was no State growth from 1981 to 1985. In Alaska, after steady growth through 1982, State appropriations dropped $500,000 in 1983.

We see a continuing cut and a continuing drop in the State support as the States begin to shift their resources into areas where the Federal Government is decreasing its traditional contribution to welfare and education programs.

We made a monumental effort at trying to raise money from the private sector, and from 1978 to 1982, we were able to raise $6 from the private sector for every $1 we got from the Federal Government, an extraordinary success story for public television there.

In Senator Pressler's State, South Dakota, when the Federal cuts came, the South Dakota educational television stations went to the public and were able to get the public to double their donations to the station. But as you heard from Boyd, in Tucson, the continuing expectation that the public can carry this kind of burden is really beyond realistic expectations, we think.

The public has given, and have increased by tremendous magnitude the contributions they are making, and we are very grateful now to point to your bill and that of your colleagues in increasing the Federal support, and bringing it back up to the level where we can continue to offer our services.

Let me conclude by saying that we have increasing costs as well as the cuts. The power costs to all of our stations across the Nation are increasing by figures of 15 to 40 percent. Those costs, along with increasing production costs makes it absolutely essential that we are able to get the Federal contribution back up to where it should be.

What we are seeking in Federal authorization is just 20 percent of the total estimated revenue needs for the years 1987 through 1989. Stated another way, we are asking the Federal Government to contribute just about $1 per person per year to preserve the public trust now called public broadcasting.

We have a larger agenda, an agenda for educational television excellence in America that we are not requesting in the base case of $238, $253 and $270 million for fiscal years 1987 through 1989. But with your permission, I would like to add that agenda for the record, so that you can see what it is that we will be working for as we begin to try to raise money for that activity as well.

In conclusion, I would like to express the most heartfelt appreciation of every public television station around the country for the introduction of Senate bill 2436 by you and your colleagues.

Thank you very much, Senator.

[The statement follows:]

STATEMENT OF BRUCE L. CHRISTENSEN, PRESIDENT, NATIONAL ASSOCIATION OF PUBLIC TELEVISION STATIONS

Mr. Chairman, I appreciate the opportunity to conclude the public television presentation with a discussion of our financial situation—an explanation of why the funding levels you and your colleagues have proposed for the Corporation for Public Broadcasting (CPB) are so essential to our survival.

Our problem, simply put, is that while the cost of our service rises, our means of supporting it have been cut or frozen.

At the Federal level, the problem was not merely a 25 percent cut in funding for CPB. Funding from the Department of Education, which had provided nearly $50 million over the years to develop "Sesame Street" and "The Electric Company," was slashed 80 percent. Support from the National Science Foundation, which had been essential to the development of "3-2-1 Contact," dropped to zero and has been revived only recently. Taken together, these three reductions in federal support seriously eroded our ability to provide enough new programming for our children.

At the State and local government and university level, where support had been growing steadily—from $33 million before federal enactment of the 1967 Public Broadcasting Act to $245 million in 1982—the impact of lost Federal support for education and other services had a multiplier effect on local budgets, not just for our services, but a host of others as well. In Washington, State appropriations dropped to zero and support from the University of Washington fell from $450,000 to $72,000. Elsewhere support was simply frozen. In South Dakota, there was no growth from 1981 until 1985. In Alaska, after steady growth through 1982, State appropriations dropped by $500,000 in 1983. There was steady growth in Hawaii through 1983, but modest cuts in 1984 and 1985. Although State support is recovering in states like Kentucky and South Carolina, the Kentucky system is still recovering from a $1 million cut in 1981, and South Carolina still receives the same amount it did in 1979.

In terms of securing additional support from the private sector, our difficulty is that our drive for these dollars began 25 years ago—shortly after our first community stations went on the air. By the time we reached the years from 1978 to 1982, public television increased its support from businesses and subscribers by $98 million. By comparison, Federal support for public television rose only $17 million. In other words, these two private sources contributed nearly six new dollars for every new Federal dollar during that period.

But there are limits to growth in voluntary support and public television may be running up against them. Public television already ranks among the highest in the Nation in individual charitable contributions. In some places, like Washington and South Carolina, where efforts to secure support from viewers are relatively recent, significant growth in income is still possible. But in all too many places, it is not. Hawaii anticipates just three more years of real growth, at a rate of 2,000 to 3,000 new subscribers a year. In South Dakota, the system asked viewers to increase their contributions in the face of Federal cuts; the citizens responded by more than doubling their support. Yet another spurt in support is just not considered realistic. In Anchorage, viewer contributions per capita are already among the highest in the nation—just maintaining current support in line with inflation will be a challenge. And in Tucson, and a host of other communities as well, the total dollars pledged has fallen short of station goals in recent on-air fund drives.

We face similar problems in securing significant increases from the business community. After a decade of steady growth, business support leveled off from 1981 to 1982. In 1983, underwriting for PBS-distributed programs actually dropped $800,000 below 1982. Part of the problem is that the business community has been asked to help health and welfare groups make up for reduced Federal support, so businesses are shifting some dollars away from education and the "arts" into other social services. Another part of the problem is that business support is already significant—too high in the view of some stockholders—and businesses will always have limited discretionary dollars to support public service programs of any kind. In other words, there is more competition but the size of the pie is about the same. Overall corporate giving has tended to remain at a steady 1 percent of pre-tax corporate profits.

As for "additional, non-traditional" funding sources, we have found some. But, for the most part, they represent one dollar solutions to million dollar problems. Many of our stations engage in revenue-raising activities such as videocassette sales, contract production and the rental of their facilities. But these ventures, practiced "on the side," have produced minimal net revenues—less than 1 percent of total revenue for most public television stations. Stations project their future potential to be equally small. At times, stations have even found such ventures are counterproductive. For example, a station seeking to rent its mobile van must have state-of-the-art equipment. For most, this would require the purchase of a special $50,000 editing machine. Some have done so . . . only to find that they were unable to earn enough to offset the cost of the new machine.

The same thing is true at the national level. PBS, together with its member stations, engages in four major activities—PBS Video, PBS Adult Learning, Confersat and transponder leasing—as well as eight minor ones. The total gross income—$6 million—appears encouraging but the net before tax income is less than $400,000.

But the cost of continuing our service climbs regardless of the resources at our disposal. Power costs are the most devastating. In South Carolina, there has been a 40 percent increase over the last three years. In Kentucky, they are rising by 15 percent a year while in South Dakota the increase has gone from 15 percent to 25 percent. Anchorage and Seattle predict their power costs will double. But we can't cut our power without reducing the quality and reach of our signal and thus the number of people we serve as well as our ability to secure their voluntary support.

With increases in the telephone and postal rates, our cost of raising money has gone up. But we can't cut costs here either or we will lose more in income.

We can, and have, tightened our belts—reducing the number of hours stations broadcast, cutting back on salaries and the number of employees and postponing the replacement of outdated equipment. But the bulk of these reductions show up in our programming itself because that, after all, is what our equipment and employees collectively provide.

But, Mr. Chairman, despite these real concerns about our costs and revenues, the authorization we seek is based on more optimistic estimates for future non-Federal income and less pessimistic estimates for future costs. Our request anticipates continued growth in other income sources at an annual rate of 4.8 percent from State and local governments, colleges and universities, 6.7 percent from business and industry and 8.4 percent from individuals—well ahead of projected inflation rates of about 4.5 percent. Despite the actual power increases I have described, our broadcast and distribution cost estimates are lower than the projected inflation rate, or 4.2 percent.

What we are seeking in federal authorization is just 20 percent of our total estimated revenue needs during the years fiscal year 1987 to fiscal year 1980. Stated another way, we are asking the Federal Government to contribute just about $1 per person per year—to preserve the public trust in public broadcasting.

We have a larger agenda—an agenda for educational television excellence in America—that we are not requesting in this base case of $238, $253 and $270 million for fiscal years 1987 through 1989. But, with your permission, I would like to attach this agenda for the record.

In conclusion, I would like to express the most heartfelt appreciation of every public television station in the nation for the introduction of S. 2436 by you and your colleagues.

ATTACHMENT.—AGENDA FOR EDUCATIONAL TELEVISION EXCELLENCE IN AMERICA

THE PROMISE FOR THE FUTURE

We see today an extraordinary potential for new educational services to fulfill the needs of Americans in all walks of life.

NEW PROGRAMMING TO MEET OUR CHILDREN'S NEEDS

Television offers unique opportunities to educate and enrich all of the nation's children. It can demystify complicated concepts and enable youngsters to discover the fascination of science and math. It can provide quality entertainment with solid educational value for the entire family viewing together; and as public television has demonstrated, can even be used to encourage reading.

The potential has yet to be realized. Public television's regularly scheduled children's programming—"Sesame Street," "The Electric Company," "Mr. Rogers' Neighborhood"—is watched by millions of preschoolers who then have no place to go after they outgrow these series. But until now, funding for programs for older children has been so limited that only sporadic short series have been available. "Reading Rainbow's" inaugural three week series, for example, has already been scaled back to a single week of new programs for next summer. Without a continuing place on the public television schedule, and without vigorous promotion, these programs cannot attract a loyal, growing audience.

Additional funding could provide a more balanced and complete schedule of programming for both older and younger children. An annual investment of about $45 million (in 1983 dollars) could provide such services as:

One hour a day, 9 months a year, of science programming for children (such as the half-hour "3-2-1 Contact"), and a companion half-hour math series.

Two to four weekly programs (such as "Powerhouse, Yes, Inc.," "Moving Right Along," Don't Look Now," "Up and Coming") of proven appeal to the post-"Sesame Street" audience.

At least two weekly series for the whole family to watch together, such as "Wonderworks" and "Newton's Apple."

A full summer (three months) of an outstanding reading series such as LeVar Burton's acclaimed "Reading Rainbow."

NEW PROGRAMING TO MEET OUR NATION'S EDUCATIONAL NEEDS

Today's unmet educational needs, for first grades to postgraduate students, could be addressed by the end of the decade with an arsenal of courses delivered by public television through a combination of statellite-fed broadcast transmitters, Instructional Television Fixed Service (ITFS) frequencies and cable, videodiscs and cassettes. But technology alone cannot do the job, support is needed for programs as well as for hardware.

Science and math education.—Our Nation desperately needs more students enthusiastic about science and math, and more skilled educators to nurture that enthusiasm. But the talent pool is shrinking instead of growing. Teachers are leaving these fields for more lucrative positions, and there is a dramatic decline in the number of new teachers being trained. Only half of our high schools offer science and math courses beyond the tenth grade, and student enrollment and achievement levels in these high priority fields are declining. Public television can help.

Instructional television programming, produced in collaboration with master teachers, can foster interest and knowledge in science and math; it can illuminate concepts which are difficult to illustrate on a blackboard or in a two-dimensional textbook diagram and it can present experiments beyond the reach of students in any but the most sophisticated laboratory settings. Programs with interactive components have already caused dramatic turnarounds in attitudes and achievement levels of young people who previously evidenced little interest in learning or did not respond to traditional teaching methods.

Teachers have received existing science and math instructional programs enthusiastically and have used them widely in their classrooms; but the number of programs available is extremely limited. Fewer than 20 programs are available for elementary learners. There are virtually no television courses available for junior and senior high school students and no high school teacher training courses available via television. For the general audience, there is no weekly science news series available nationwide to keep viewers current on scientific and technological developments, as "Wall Street" and "The Nightly Business Report" do for business and the economy.

To address such needs, an annual investment in public television of about $20 million (in 1983 dollars) over a three-year period could produce:

A full year of science and math programs at three learning levels for elementary schools.

One semester of science and one semester of math for seventh, eighth and ninth graders.

Eight high school teacher training telecourses in subject areas such as chemistry, physics and algebra where high schools have traditionally sought qualified faculty but where a shortage of qualified teachers has become a growing national problem; these telecourses could include representative lessons drawn from student material as well as footage demonstrating use of this material in the classroom;

A total of nine experimental interactive courses with print packages and management systems; some of these courses could be advanced specialized courses such as trigonometry and statistics where many high schools cannot provide a full time teacher but where highly motivated advanced learners could secure credit through a combination of interactive videodiscs and frequent contact with a teacher advisor; others would be interactive videodisc experimental courses in remedial basic math, reading and science with requiring full time direction and supervision by a teacher;

Informational activities to acquaint teachers and principals with these series essential to secure the maximum possible use of such programming.

The total funding necessary to produce new programs to meet our children's needs and the science and math agenda, which is not included in our base case, is about $55 million per year in 1983 dollars.

Continuing education and career development.—Millions of Americans are entering or shifting to new high technology and service occupations, and they need skills to compete. Over 500 occupations require relicensing. One-third of all American adults are either changing or thinking of changing careers at any one time, and most need additional education to do so successfully. Twenty-three million Americans cannot read or write. Increasingly critical shortages of qualified teachers in key disciplines compounds the problem. Unemployment among unskilled laborers is of national concern, even while high technology jobs go begging. Job training not only opens opportunities for the unemployed but can also mean advancement opportunities for those already employed.

Continuing education for those in and out of the workforce is already an important part of public television's service. With proper support, much more could be done. For example:

It would coat about $15 million annually (in 1983 dollars) to produce ten new telecourses a year to serve these needs.

For about $3 million each year (in 1983 dollars), monthly television seminars on professional advancement and development could be provided in 25 professional fields.

This "base case" includes $1 million per year of these costs.

NEW EDUCATIONAL, INFORMATIONAL, AND CULTURAL PROGRAMMING FOR THE GENERAL AUDIENCE

Local programing and community outreach.—Local programming can be effective in tackling the specific needs and problems of individual communities, but it is extremely expensive because the full cost must be borne by a single station (rather than shared by others, as is the case with "nationally" available programs). With the recent funding cutbacks, many stations have been forced to slash or even eliminate local programming from their schedules. A strong schedule of local service programming would—and in some placed does already—include programs like:

Weekly series produced in the studio, such as a local "Lawmakers," a local "Week in Review," call-in programs featuring elected officials, and State and local business reviews.

Local studio programs which address community needs and interests of special audiences, such as parents, teachers, minorities, farmers, the elderly, the unemployed, and others.

Locally produced specials providing on-location coverage of major state and local cultural events, legislative sessions, school board and county council meetings, candidate debates, profiles of State and local leaders, as well as documentaries on important local issues.

Local outreach programs to deal with nationwide problems, comparable to public television's "The Chemical People," which mobilized families and individuals in 10,000 communities throughout the Nation to confront the problem of drug and alcohol abuse among young people.

For each public television station to produce one hour a week of local studio programming and ten specials each year on location, would require a total annual investment of approximately $27 million. Because much of this programming was being done before it began to be crippled by funding cutbacks in fiscal year 1983, a considerable portion of the cost of this activity is in the "base case" (fiscal year 1982). Therefore the additional cost of this kind of programming is estimated to be $4 million a year (in 1983 dollars).

National programing.—During the past decade, only a few public television series have focused on our country's dynamic history. The amount of programs showcasing America's literary achievements, her rich cultural heritage and important domestic international and scientific issues could be significantly increased. More documentaries and dramatic productions offering the perspectives and using the talents of women, minorities and independent producers could and should be produced.

For example, public television could provide:

Two major series each year portraying U.S. history, such as "The Adams Chronicles" and "Vietnam"; and occasional specials comparable to "A Different Drummer"; "Blacks in the Military, American Journey," and "From Slave to Statesman."

Two series each year focusng on America's literary and artisitc heritage, such as the "Mark Twain" series, "With Ossie and Ruby," and "Screenwriters/Word Into Image"; and occasional specials comparable of "The Holocaust"; "Artists and Images" and "Voices of Our People"; "In Celebration of Black Poetry."

A monthly performance series showcasing American cultural achievements such as Jacksonville and all that jazz, and emerging performing talent such as Louisville's annual Humana Festival of New American Plays.

A major yearly public affairs series with a domestic focus comparable to non-fiction television and specials of the caliber of "Women and the Economy" and "South Bronx: Work in Progress."

A major new series each year with an international focus comparable to "The Africans," and additional news backgrounder specials like "The Oil Kingdoms" and "The Brazilian Connection."

A major series focusing on important developments in science and health such as "Cosmos" and "The Brain," and occasional specials comparable to "To Hear" and "Pregnancy on the Rocks: The Fetal Alcohol Syndrome."

New national programming of this caliber would require an additional investment of about $45 million a year. The cost of a major expansion such as this in general audience national programming beyond levels in the base case is $40 million a year (in 1983 dollars).

Special programming services.—Closed captioning, which enables millions of hearing-impaired Americans to participate in and benefit from television, is now available on only 30–40 percent of programs distributed by PBS. The same technology, pioneered by public television, can help to teach reading in elementary schools, provide up-to-the-minute market and weather information for farmers and ranchers, bring news to the hearing impaired, and transmit data to governmental and private agencies. Public television could develop:

Additional closed captioning for children's, public affairs and drama programs so that nearly 80 percent of the national schedule could be accessible to the hearing impaired.

Further applications of teletext services for elementary schools, farmers and ranchers, the hearing impaired, and governmental and private agencies at all levels.

More hours of closed captioning and the development of public service teletext applications could be accomplished for approximately $5 million a year. These funds are not included in the "base case."

Program promotion.—Public television has miniscule resources to promote public awareness of its programs. While public television represents a singularly effective federal investment in terms of the numbers of people served and value received for the dollars spent, the return on that investment could be increased significantly if public television had the means to publicize its programs and attract larger audiences. Larger audiences, in turn, would help public television stations to secure additional non-governmental support by expanding the base of individual contributors and by increasing the medium's appeal to underwriters.

American Public Television must cease to be the "I wish I had known" network. An additional expenditure of $15 million per year (in 1983 dollars) to promote public television's programs would be returned several fold in public benefit and non-Federal support. These funds are not included in the "base case."

This illustration of public television's potential extrapolates from real, present-day services and goals and suggests what public television could do with sufficient resources. It cannot preordain the channels of creative energies, preempt local station assessments of community needs or predict precise educational needs to the end of the decade.

It can and does show that public television is ready to apply this most extraordinary instrument of communications in an assault on the nation's most pressing educational needs. With a modest increment in the federal investment from its present, reduced level, public television will have the means to begin to fulfill that commitment.

[The following information was subsequently received for the record:]

QUESTIONS OF SENATOR HOLLINGS AND THE ANSWERS THERETO

Question. The cutbacks in federal funding have already directly affected public television licensees. What problems have arisen because of this reduced funding, and how are you handling them?

Answer. Cutbacks in federal funding have had a drastic impact on the amount of public television programming provided to the public.

As a first step, mosstations tightened their belts by reducing their number of hours on air, cutting back on staff, and postponing the replacement of outdated equipment. The largest cut was in local programming which is far more expensive for a station than national programming, because the costs of local programming cannot be shared among 100 or more other stations.

Because PBS reduced its number of distribution hours by 50 percent—one-half—stations were forced to reduce their own broadcast hours or to tape programs for airing—far more expensive than taking a program directly off the satellite.

The impact of the federal cuts was compounded by a general leveling of growth in national underwriting and state support. Because program costs continued to rise, the combined impact of these economic conditions had an even more severe effect on programming.

Stations have just recently completed their group purchase of programming to be aired during the 1984-85 season. They found they could not afford (approximately) the same schedule they bought last year—in part because their income wasn't growing and in part because the overall cost of these programs increased by $4 million. Since national underwriting remained level, stations would have had to bear the entire increase themselves—an increase of 17 percent. They couldn't afford it.

So programming had to be cut—one program from the Great Performances series, 10 percent of the "Nature" series, 22 percent of "American Playhouse," 33 percent of "Evening at Pops," and 50 percent of "Wonderworks," the new weekly series for children and their families. Some programs in last year's schedule—"Enterprise," "Latenight America," and "Living Wild"—couldn't be bought at all. And to ensure the purchase of eleven other series—"Nova," "Frontline," "The MacNeil/Lehrer Newshour," "Victory Garden," "Firing Line," "Newton's Apple," "Wild America," "American Playhouse," "Matinee at the Bijou," "Austin City Limits" and "Sneak Previews"—producers were forced to offer a price guarantee below the cost of production.

Question. 2 In addition to receiving federal funds, public broadcasters try very hard to receive funds from elsewhere in the public sector and also from the private sector. How are these efforts proceeding, particularly in comparison to past years?

Answer. Public broadcasters continue their past efforts to secure other resources of support.

The continued growth in non-federal resources to public television, however, is not sufficient either to replace the losses of federal cash in 1983-84 (est. $55 million) or even to sustain equal purchasing power for television. In fact, "real income" in 1978-82 for public television—despite significant increases from all sources—did not increase at all. And continued federal support is crucial to the balance of income among sources, the support of some programs which will not or cannot be financed by others, and the maintenance of nationwide service available to all.

Federal support from the Department of Education has been slashed. Funding from the Endowments and the National Science Foundation, which suffered cuts in the early 1980's, has recovered more recently.

With regard to private or local support, some sources show improvement over last year, others not. National program underwriting has been about level for the last three years. State support, which had been growing steadily on a nationwide basis for a number of years, has leveled off or dropped a bit in many states. Total viewer dollars received nationwide continue to grow but the number of individuals who can afford to contribute to the spring fundraising drive has dropped during the last three years. Nevertheless, total individual giving is growing slightly as is local underwriting.

Actual figures on a nationwide basis are not yet available for the year ending in 1983.

Question. In the 1981 authorization legislation, we had much discussion about Community Advisory Boards and their value, and, in fact, we made certain changes in the law. What are your feelings today about these boards?

Answer. Public television stations favor public participation processes which ensure community involvement in the review of station activities and programming. Current law requires one category of licensee—community licensees—to have community advisory boards. Public television licensees felt then, and continue to feel, that this requirement is duplicative of the regular Board structures of community licensees.

NAPTS opposes the reinstitution of this federal requirement on those state and other licensees which are not now required to have Community Advisory Boards. If any change in law is to be made, it should be to eliminate this unnecessary and costly requirement altogether.

Question. The independent producers have raised certain problems regarding their relationship with public broadcasting. What do you see as the role of independent producers, and do you believe problems exist?

Answer. A group of independent producers has presented a series of legislative proposals with which public television stations disagree—partly on the basis of fact, and partly on the basis of philosophy and legal responsibility.

The proposals of some independents—certainly those associated with the recommendations presented by the National Coalition of Independent Public Broadcasting Producers—undermine the fundamental legal and program responsibility of licensees for management of public television. Requirements that 50% of funds be reserved for productions from a particular source ('independents') or that a 30% of 'goal' be set for a particular type of program ('minority'), would directly involve governments in the content and editorial of programming. They would be antithetical to the distance in program decision-making between government and broadcaster. Any requirements of this sort would be counter to the careful and deliberate balance established in 1967, between the private Corporation for Public Broadcasting and the federal government.

The facts are that there have been significant increases in the amount of funds allocated to independent producers from the Program Fund of the Corporation for Public Broadcasting (from 22 percent in fiscal year 1978 to 43 percent in fiscal year 1983) as well as in the dollar value of the independent producers' share of the original broadcast hours distributed by PBS. CPB has shared its program financing history with the Committee. As for PBS, from fiscal year 1979 to fiscal year 1983, the independent producer share of PBS original broadcast hours increased from $26.2 million to $49.3 million (88 percent). By comparison, the public television station producer share has dropped 17 percent over the same period—from $55.6 million to $47.4 million. As a result, in fiscal year 1983, the independent producer share of original PBS broadcasting hours (42 percent) exceeds the station share (40 percent). (Most of the remainder is foreign production; a small portion is programming from pool feeds.)

Increased utilization and reliance on independent production is also occurring at regional public television networks and in cooperative production arrangements at public broadcasting stations.

In seeking to bring to the Committee additional views from independents, NAPTS consulted with a number of its member television stations who identified many independent producers who have worked with public television and who would have been pleased to describe their positive working relationships under current arrangements and policies. We can understand how independent producers whose work has been aired on public television—particularly in the more competitive environment of the reduced number of hours distributed by PBS and others—would have a different attitude than those who have had less success. But, the fact is that a tremendous number of able and talented people, and fine ideas, cannot be tapped because this is a severely under-financed, non-commercial system. Nevertheless the public system is largely the only point of access in television for most independents with creative, topical and valuable ideas.

Finally, CPB and public television stations have worked together to provide major new series in recent years which are vehicles to showcase the work of high quality independent producers: "American Playhouse," "Frontline" and "Wonderworks." In other words, stations commit their own funds, in cooperation with commitments from the Program Fund at the corporation, to make these series possible. In addition, series such as "Great Performances" and the expansion of "MacNeil/Lehrer" into an hour have provided the opportunity for individual programs and program segments to be produced by independent producers. Also, independents themselves often raise part or all of the funding necessary to launch or complete a program project—sometimes within these sorts of series.

Our member stations strongly disagree with the position of some independent producers concerning the definition of an "independent producer." Some independents say that complete "editorial and financial control, plus copyright ownership" is what defines an "independent." Others refer to "size" or "working relationships" from time to time. This definitional approach, as it relates to public television and financing from Congress, is at cross purposes with the needs of local broadcasters who must retain editorial control over their broadcast operations, and who must ensure fairness and balance in the programming they present to the public.

This proposal, moreover, is without parallel anywhere else in journalism. "Frontline" is purchased by the stations, heavily promoted and aired in prime time to an average audience of ten million people precisely because "Frontline" can offer a guarantee of editorial supervision to local broadcasters.

The disagreement within the independent producer community itself over the definition of an independent producer is particularly clear in connection with "Frontline." Independent producers for "Frontline" have presented their viewpoints in a number of forums of CPB panel meetings, AFI meetings and testimony before this Subcommittee. Virtually all of the independent producers for "Frontline" were contacted by CPB in an effort to provide CPB statistics as accurately and fairly as possible. The independent producers contacted felt their productions to be independent works. In our judgement, CPB's approach is the most fair and reasonable one possible. It is inappropriate for one group of independent producers to seek to impose their definition through the legislative process given the honest differences among the wide variety of independent producers who seek to provide public television programming.

In addition, our members believe independent producers should be encouraged to work with local public television stations. A number of our stations have developed special arrangements for working with independent producers—e.g. KCTS in Seattle, WETA in Washington, D.C. KTEH in San Jose, KERA in Dallas, and WNET in New York, to name a few—to the mutual satisfaction of both. Since our member stations bear an important burden of financial accountability and legal responsibility, and believe those to be highly appropriate mandates of public policy, it would not be logical for them to apply a different standard to a special category of producer.

Finally, NAPTS and CPB believe that the mission of the CPB Program Fund is to promote quality and diversity, and thus both organizations oppose any requirements which direct that programs be purchased from a particular source or be of a particular type of content.

QUESTIONS OF THE MAJORITY AND THE ANSWERS THERETO

"In written testimony, the Corporation for Public Broadcasting recommended five substantive amendments: (a) 10 percent allocation formula, (b) interconnection/6 percent trigger, (c) unrelated business income tax, (d) community advisory boards, and (e) biannual audits. "Which of these amendments would you support, and why? Which of these amendments would you oppose, and why?"

Question. Which of these amendments would you support, and why?

Answer. Public television licensees support one of the amendments proposed by CPB, as follows:

C. UNRELATED BUSINESS INCOME TAX

CPB, NAPTS and NPR support repeal of this provision (Section 396(k) (8).

This is a 'double taxation' penalty. It is unfair and it is a disincentive to increasing self-support. It requires a public broadcasting station receiving support from CPB to refund to CPB an amount equal to any federal unrelated business income tax which that station pays. That is, a station pays the IRS/U.S. Treasury the taxes it should under law, and then it pays again by having to give back an equal sum to CPB.

The effect of this provision—enacted in 1981—is just beginning to be seen. Based on federal tax returns for 1982, several stations have been affected, one of which was required to refund over $10,000! As public radio and television stations try to find new ways to support their public service, this penalty is likely to become more onerous. Greating taxable subsidiaries to conduct unrelated activities does not always mean public stations can avoid the penalty. For example, when a subsidiary leases a station's facilities, the income to the station from that lease can be taxable; and when a station pays tax on that sort of income ("unrelated" to its primary purpose), the penalty is activated.

The law specifically prohibits the use of CPB funds to "defray any costs associated with" for-profit activities. Nevertheless, this section requires that stations which try to earn some support for their public broadcasting mission—as the federal government has directed—must in effect pay twice the tax.

Question. 2. Which of these amendments would you oppose, and why?

Answer. Public television licensees oppose the other four amendments proposed by CPB as follows:

A.–B. 10% ALLOCATION FORMULA; INTERCONNECTION/6% TRIGGER

CPB proposes changes in law regarding the uses of the "10% allocation"; and, CPB proposes elimination of the parts of law dealing with both the "6% trigger mechanism" and CPB's 50% share of "interconnection" costs and income. These proposed amendments are unwarranted and unnecessary, for these reasons:

1. The law only took effect this year—FY 1984—and it has proved valuable in its primary purpose: maintenance and stabilization of critical elements of nationwide public broadcasting services. It seems premature to change the law after such successful, but limited experience, under continuing difficult financial circumstances.

The "general allocation formula" has served the industry well, and should not be changed at this time. Financial circumstances in public broadcasing are as difficult as they have ever been; and even with increased federal funding, it is expected that the law will continue to reflect the appropriate priority uses of federal funds via CPB. These are: the maintenance of nationwide services, even to smaller, poorer communities; and, support of programming.

The overall formula provides a good balance of federal resources between central (CPB) and local (station) levels ensuring that program responsibility remains with licensees. Attachment A shows how new funding via CPB will be used. CPB has ample flexibility and didscretion under existing law to address the needs and concerns it has raised in oral and written testimony before the Committee.

At today's lower levels of support, however, the entire formula (including the 10%) ensures that critical elements will be financed—including copyright and interconnection. The cost of copyright and interconnection are truly fixed national eepenses. They are just as real and necessary as national program expenses. They were essential in 1981, are essential in 1984, and will continue to be an esential part of public broadcasting's national program service delivery costs. (See #2 below, for more on how these costs have been are being reduced and controlled.)

Attachment B[1] ("Background") describes the financing of interconnection (for public television) and copyright (for all of public broadcasting) under existing law.

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[1] This attachment was retained for the commitee files.

(It also shows the additional cost to each public television station if the shares of these expenses now financed by CPB, were to be borne fully by the local stations. During the course of recent discussions on these subjects, and in light of a proposed reauthorization bill through FY 1989, CPB expressed a desire to phase out its contribution for public television interconnection by FY 1987; and CPB indicted no position regarding financing of music copyright beyond December 3, 1987—the expiration of existing contracts with copyright holders.)

2. Voluntary agreements have been made regarding the reduction or sharing of "fixed costs," as encouraged by existing law (1981 Public Broadcasting Amendments Act).

In anticipation of the law taking effect in FY 1984, and reduced appropriations to CPB, the Corporation became the 'lead negotiator' with copyright holders in concluding the agreements now in effect (for 1983-1987). Public radio and television participated, and are the signatories to the agreements. Costs are increasing in this area; but, because an overall 'package deal' for public radio and television was negotiated, it is believed to be somewhat less than if both parts of the industry had negotiated independently. (See #3, below, for more on this subject.)

With regard to interconnection, several things have happened. CPB transferred full financial responsibility for radio interconnection—and all the funding necessary for it—to the radio stations (in arrangements with NPR and others). This has eliminated altogether one element of "fixed costs" from the "10%"—reducing pressure on other funds and the "trigger 6%."

In public television, two agreements have been reached. The first—in 1982-83—reduced the overall costs of television interconnection by redefining what parts of the national interconnection services would be jointly financed by CPB and stations. In addition, overall interconnection services were cut, in the face of lost federal revenue—nearly 50% of distribution hours by PBS were lost!

The second agreement was just cleared by the CBP Board (with appropriate conditions) on April 6, and involves the purchase by public television of the satellite channels it now leases. The overall effect of this agreement, assuming it is concluded as planned, will be to cap the annual cost of satellite channels. That cost would have increased under the existing leases, and put more pressure on the "trigger."

One additional "fixed cost" under law is CBP's responsibility for "capital costs of satellite." CBP financed its share of the construction (1976-81) of the satellite-based interconnection systems out of current resources and cash flow. CPB then adopted a plan in 1981 (and amended it in 1982) to restore CPB's working capital position—the "satellite deficit liquidation schedule." NAPTS and NPR have argued consistently for a longer "pay back" schedule, and for taking less out of the annual CPB appropriation each year for this purpose. After all, if Congress were to stop financing CPB completely, then the advance-appropriations mechanism woud give fair warning; and, in any event, all debts would clearly be paid first out of sufficient remaining balances. In its discretion, however, CPB decided—in 1981—to address the issue as if it were going out of business in 1986. Therefore, CPB decided to apply $3.1-$3.5 million per year (FY 1984-86) to rebalancing its books, even as major reductions in services are being required by 25-35% in CPB appropriations.

3. CPB does not have, under law or contract, "open-ended" exposure for "fixed costs"—for either interconnection or copyright.

The "trigger mechanism" itself guarantees that all "fixed costs" will be paid, even if CPB appropriations (from the 10 percent allocation) or its resources from other income (principally interest) are insufficient. That protection for CPB is why the section was written into law! Should mandated sums for purposes of copyright and interconnection fall short, the stations' Community Service Grants (CSGs) finance the balance—not CPB's programing or overhead monies.

In addition, CPB has contracts for payments for copyright and interconnection only insofar as its resources (and the law) permit. Therefore, it is PBS and NPR (backed by station commitments) which are signatories to copyright contracts. CPB agrees to pay them as far as possible. And, it is (now) PBS and public radio which are responsible to the satellite vendor for the costs of service. CPB finances one-half of television's national interconnection by negotiating a total cost annually (under a multi-year contract), and then contributing this sum.

D. COMMUNITY ADVISORY BOARDS

Public television opposes the reinstitution of this federal requirement on those state and other licensees which are not now required have Community Advisory Boards. If any change in law is to be made, it should be to eliminate this unnecessary, and costly requirement altogether.

Public television stations have and use various means of public participation which ensure community involvement in the review of station actitivies and programing. Current law requires one category of licensee—community licensees—to have Community Advisory Boards. This provision was adopted in 1981. Public television licensees felt then, and continue to feel, that this requirement is duplicative of the governing Board and other structures of community licensees.

E. BIANNUAL AUDITS

Public television opposes reimposition of annual audits by independent auditors.

The basis of Congress' action in 1981 was a desire to decrease costs to financially strapped stations, and that has barely had a chance to provide its intended benefit.

CPB believes that independent annual audits should be reimposed because they are consistent with "prudent business practice, and will not impose significant costs and reflect present practices." One need not disagree, however, and yet find no merit to that proposal. Any reporting problems one year will continue to be corrected the next; and appropriate audits will continue to be conducted as required on a local basis.

Only a small number of public television stations now benefit from this provision. But we understand that a significant number of small radio stations licensed to universities do benefit from it financially. It is unfair to punish small radio stations—which are fully audited in keeping with proper standards—when there is no demonstrated need to do so.

Attachment.

Attachment A

NAPTS
March 1984

FINANCIAL IMPLICATIONS OF PENDING APPROPRIATIONS
for the
CORPORATION FOR PUBLIC BROADCASTING (CPB)
($ in millions)

PURPOSE 1/		Actual FY1984 $130	Supplemental Appropriations FY1984 +15	FY1985 +23	FY1986 +32	3-Year Total	Admin. Rec. FY1986 +70	FY1987 Industry Rec. $238	FY1987 Admin. Rec. $100
			Add these sums to the "Actual FY1984"			Ⓐ		Ⓑ	
PB Support of National ervices & Activities 2/	(10.0%)	13.0	1.5	2.3	3.2	+ 7.0	- 2.0	23.8	10.0
rogramming & elated Activities:									
Public Television									
. Community Service Grants (CSGs)--Stations	(50.6%)	65.8	7.6	11.6	16.2	+35.4	-10.1	120.4	50.6
. Programming--CPB ('TV Program Fund')	(16.9%)	22.0	2.5	3.9	5.4	+11.8	- 3.4	40.2	16.9
Public Radio 3/	(22.5%)	29.2	3.4	5.2	7.2	+15.8	- 4.5	53.6	22.5
. Community Service Grants (CSGs)--Stations									
. Programming--CPB									

1/ Percentages (rounded) represent general allocation of appropriations via CPB; other income, as available, is applied by CPB in support of national services and activities, programming, and other efforts.

Includes e.g. research, training, technical assistance, engineering, instructional support, and CPB overhead, "fixed costs"-CPB support for interconnection facilities and operations, and public broadcasting copyright.

3/ Note: "Public Radio" is aggregated because allocations are determined by CPB, in consultation with public radio; however, a minimum one-half the radio sum is for CSGs, and a **maximum** one-half is for public radio programming.

Ⓐ None of these new funds would be applied to 'fixed costs'--given new interest earnings and assuming continuation of CPB's FY1984-85 budget plans, including debt liquidation.

Ⓑ Est. $7.3 million of this sum would be required for 'fixed costs'--vs. $10.5 million in FY1986.

Senator **Goldwater**. Thank you very much.

I would like to ask you, Mr. Rooney, about the decrease in your public pledges. I believe the public systems here in Washington have just completed their fund raising, and I have not heard from them whether they have been as successful as they wanted to be.

It is interesting because building, which is one of our big businesses, is at an all time high in southern Arizona, and yet you report a decrease. Have you gone to the university's economic department to ask if they might look into that?

Mr. **Rooney**. No, we have not yet, Senator. We just completed this drive within the last few days, and we have not yet done a full postmortem on it.

I want to set the record straight. It is not a decrease in the amount, it is a decreased amount from our expectation. In other words, we are raising slightly more in Tucson this year than we did last year, but we had hoped to raise more than that.

We are attempting to offset some $80,000 of reduction in our CSG grants as a result of decreased Federal funding, and we took that case to the people. We really got a good response, but it was not up to the level that we hoped it would be.

It is very heart rendering, really, to read some of the correspondence that we get from a number of the retired people in southern Arizona who are living on fixed incomes, who do use our services extensively. They write to us and say, "We are sending you 5 dollars, and we wish we could afford more, but we simply cannot. "

We can tell from the rest of the letter that they are substantial users of our service. Our initial thought was that we are appealing to a number of retired living on fixed income, and they have less latitude, perhaps, than some others.

Senator **Goldwater**. You have been with the Fort Huachuca enterprise a relatively short time. Is it reciprocal? Can you use their technological expertise in the university?

Mr. **Rooney**. Not at this time. It is a one-way system, put in place actually by the military to have courses delivered live from the university campus down there. At this time, it is not a return link.

Senator **Goldwater**. Do you plan to take a crack at that sometime?

Mr. **Rooney**. Perhaps. It is not on the drawing board at the moment.

Senator **Goldwater**. I know that you get quite a few professors from Fort Huachuca.

Mr. **Rooney**. Yes.

Senator **Goldwater**. Use them while they are hot.

Mr. Sackett, you mentioned something that we don't hear enough of, and that the subject of the deterioration of facilities. I think I saw a picture just this last week of President Eisenhower and President Reagan using identical equipment. It had never been improved in all of these years.

I have been in this radio business all of my life, and what I make this afternoon is no good tomorrow morning. This is an ongoing problem, I think, with the television and radio stations. The equipment you buy wears out.

I remember my own experience with my military affiliate systems, I ran out of money at about the same time that the Air Force did. So I had to give up a very valuable service, because nobody pays any attention to the fact that where we used to communicate one way, we do it in an entirely new way today.

I would hope, Mr. Christensen, that your national association will lay more emphasis on this problem. In fact, I wouldn't mind seeing a specific amount of the appropriation every year directed to the modernization of public stations. If we could emphasize that argument, we might be successful in getting a few more dollars, because that is probably the biggest hurdle you fellows have to face in maintaining adequate coverage.

Mr. **Christensen**. It is, indeed, Senator, and that, in fact, is what we are asking for in this authorization. There is a provision in the bill which says that 75 percent of the money must be used for extension of service. What we are seeking now is to eliminate that particular provision and try to get that money applied across-the-board to the replacement of existing facilities, so that we can replace the transmitters, the towers, and those kinds of things that are necessary to continue to be able to deliver the service.

Senator **Goldwater**. I realize the legislation is rather restrictive, and we would welcome any suggested amendments.

Mr. **Christensen**. Thank you very much.

Senator **Goldwater**. When you last appeared before this subcommittee, the topic was advertising on public broadcasting stations. Have you learned any more, so that you could update us on the status of that issue?

Mr. **Christensen**. I certainly can, Senator. We had a meeting of our licensees on February 27, which was the Monday following our hearing. The decision of the public television licensees at that time was not to pursue an amendment or a change that would permit them to conduct limited advertising on public broadcasting at this time.

The reason for that was that they felt that the controversy created by advertising, the lack of unanimity in the community, and willingness to pursue this particular issue at this time, did not allow them to come to Congress with a unified proposal on advertising.

It was made clear at that meeting, however, that if we are unable to achieve the kind of support from the Federal level necessary to keep public broadcasting going, then we will come back with a specific proposal to pursue the advertising issue at some future time.

Senator **Goldwater**. I hope you will, because I don't want discussions on that issue to die.

Mr. **Christensen**. Thank you very much, Senator.

Senator **Goldwater**. I think that these discussions tend to go along parallel with our public efforts. I think all of us concede today that if we don't provide better support at the Federal level, you fellows are going to have to go another route. But we want to make sure that it will not impair the benefits that you are able to provide us with now.

Mr. **Christensen**. We will keep that issue alive, Senator, and continue to study it. We will bring back to you information as we have additional figures and statistics to report.

Senator **Goldwater**. Mr. Christensen, I wish you would read the testimony submitted by Mrs. Rockefeller and Mr. Pfister, relative to the substantive amendments they are proposing. I would like to have your comments on their proposals for the record.

Mr. **Christensen**. I certainly will do that, Senator. Thank you.

Senator **Goldwater**. Your stations, Mr. Christensen, support the repeal of the unrelated business income tax refund provision. I intended to ask this of Mr. Pfister, but I didn't. Can stations avoid the impact of that provision through the use of subsidiaries?

Mr. **Christensen**. They can avoid some of the impact of it by use of subsidiary corporations. What they have to form is a profitmaking subsidiary of the nonprofit parent company. It is a fairly complicated legal structure. It is one which costs money for the licensees to employ. It involves getting the lawyers together and drafting the article of incorporation, and putting those kinds of things together. It is a much more complicated process than we think is necessary, and really not available to many of our smaller licensees.

I think that is why we would like to see a repeal of that particular provision, then the smaller licensees can go ahead and pursue some of the profitmaking activities, or at least commercial activities such as lease of their facility when it is not being used for noncommercial production, and those kinds of things, to return some revenue to the licensee.

Senator **Goldwater**. You have given a very good answer, and it is a very complicated question. If you ever want to enlarge on that, don't hesitate to do so.

Mr. **Christensen**. I will. Let me amplify that for the record, if you would like, and send some additional information from material we have gathered from the licensees.

Senator Goldwater. This is a general question for any of you gentlemen. What services would you want to expand in 1987, 1988, and 1989, and what special local programs are you most proud of now?

Mr. **Rooney**. I was going to yield to Mr. Sackett because he had the microphone, but I will take it.

First of all, we want to return to our broadcast schedule the same amount of value that we had a few years back. We were active producers of local materials, both in the Spanish language, for radio and television, as well as in the English language on both radio and television. Because of the financial problems that we have had in recent years, we have had to reduce the amount of resources that we are putting into the creation of local materials.

I am one who believes quite strongly that local public television stations, while active in airing programs of national significance, do have a very strong commitment, and must have a very strong commitment, to programing to meet the needs of the local area.

In Tucson, of course, we have ethnic considerations with the high percentage of Hispanic population, as well as a broad spectrum of the Anglo population. So that is the first thing that I want to do. I think that will take the first couple of years of that increase just to return to where we were in about 1979, because we have been strapped for resources.

Beyond that, we want to begin to share with the rest of the States some of the fantastic resources of the University of Arizona, particularly in the sciences and in the high-tech areas. We are doing cutting-edge research. There are tremendous amounts of programing information there that need to be created.

Senator GOLDWATER. I think you are very wise. I don't know whether you realize it, but the station at ASU used to have a biannual television show on all the local bugs and insects and rattlesnakes that we are infested with. That was the most popular show they would hold throughout the entire year.

I think that if you at the university, with your broad base of technology, could do more programming like that, it would be very, very helpful. You could get help from the Museum of Southern Arizona, and places like that.

I imagine, Mr. Sackett, that you have similar problems up in Alaska with languages.

Mr. SACKETT. Indeed.

I would like to return to your question, because there is one thing that I would really like to do, if we had some additional support. I am very proud of my station, very proud of it. We are the seventh highest producer of local programs of all the public television stations in the country. About 10 percent of our broadcast day is locally created and locally produced and distributed.

The most expensive local program that we make is a program called "Aviation Weather,"and it goes statewide by satellite. The State of Alaska has a full-time transponder, and it is distributed throughout the State by satellite.

It is a very expensive program for us to produce, obviously, because it happens 5 days a week, and it is designed for a very, very small audience. However, 10 percent of the population, 10 percent of the people who live in our State are private pilots.

Air traffic in Alaska is like roads here. We don't have roads. We fly places, and in all kinds of weather, and at all times of year, and land in some of the most unbelievable places you could ever imagine. Weather information, good, accurate weather information, and safety information, is very important to tremendous numbers of Alaskans who live all over the place, in little tiny communities, but they have a strip, and they fly in and out.

The difficulty we have had—it gets back to this obsolescence problem again—part of each of these programs deals with safety features, and we would like to keep updated. We would like to go out on location and do those kinds of things, but it is very expensive.

That is the kind of thing that I think public broadcasting can do so well, because we can take the time to do it. We take a half-hour every day to deal specifically with weather that affects aviators and mariners. We have a lot of people who rely on that for marine conditions, when they go fishing and so on.

We think that this is a service we provide, and if we had some more money, that is one of the things that we would do, try to enhance that.

Senator **Goldwater**. As one who has used your weather service many many, times in my flights from Point Barrow to Anchorage, and all over that great State, I don't know how pilots could live without it. Maybe we ought to talk about a little more money for that service. We might get you some help out of the Air Force, or the Navy. We will try.

Mr. **Sackett**. We are ready.

Mr. **Cauthen**. Senator, if I may add just a brief addition to what they have said. I think you will find almost consistently across the country that the services that have suffered the most from these cutbacks have been local services, because the stations have had to continue to buy the national programing, which has gone up in price.

I know that in our situation, it is local service that has been cut back drastically. There is a lot of cultural heritage in South Carolina that is going to be gone soon. We want to be able to capture that and preserve it, and that is the sort of thing that we are not able to do with the cutbacks.

Beyond that, the national programing also is suffering because we are not able to generate much new original material. We are beginning to get into the same rerun pattern that commercial broadcasting has gotten into, and I think that that is very dangerous.

Senator **Goldwater**. I couldn't agree with you more. I think a State like South Carolina, or Arizona, or Alaska, or any State, could provide programs that just look at the State. We have so many Americans who live on this side of the Potomac who think that everyone on the other side of the Potomac is still shooting arrows. And those on the other side of the Potomac, they think we are just skinflints back here.

I would like to see more statewide programing. Our public stations do a lot of that, and it is of great benefit.

I want to thank you, gentlemen, for being with us. We will do our best for you. This is going to be a tough year for everybody. Some of our legislators don't see the point, but they sure as hell feel the heat.

Mr. **Christensen**. Thank you, Senator. We appreciate the opportunity to be here.

Senator **Goldwater**. Our third panel will consist of Mr. Douglas Bennet, president of the National Public Radio, Mr. Joseph Welling, director of the Telecommunications Center at Ohio University, and Ms. Nina Kern, of the American University here in Washington.

Do you have any preferred order?

STATEMENTS OF DOUGLAS BENNET, PRESIDENT, NATIONAL PUBLIC RADIO; NINA KERN, GENERAL MANAGER, WAUM-FM, AMERICAN UNIVERSITY, WASHINGTON, D.C.; JOSEPH WELLING, DIRECTOR, TELECOMMUNICATIONS CENTER, WOUB-FM, OHIO UNIVERSITY, ATHENS, OHIO

Mr. **Bennet**. Senator, thank you very much for the opportunity to testify. My preferred order would be to ask my two colleagues, who are experienced general managers of radio stations, to start. They know a lot more about this than I do.

Nina Kern would like to begin.

Ms. KERN. I am general manager for WAMU-FM. We are licensed to the American University here in Washington. We provide public radio service for Washington, D.C., northern Virginia, and suburban Maryland.

I would like to speak in support of a restoration and an increase in the Federal Government's financial support of public broadcasting. First I would like to tell you a little bit about WAMU's programing.

Were you to tune in right now, you would listen to "Kaleidoscope" and you would hear our hostess, Diane Rehm, interview Mrs. Marlene Eagleburger, wife of Under Secretary of State for Political Affairs Lawrence Eagleburger. Tonight on the "Fred Fiske Show" you would hear an interview with Malcolm Lawrence of the Maryland Coalition of Concerned Parents on privacy rights in public schools.

These shows include listener call-ins, so that our audience can comment, question, and indeed challenge the opinions and views of our hosts and guests.

This afternoon you would hear bluegrass on WAMU and jazz all tonight. And tomorrow morning you would hear "Morning Edition," coproduced with National Public Radio.

WAMU has demonstrated strength in developing a programing service for our audience. Likewise, we have demonstrated strength in our fundraising efforts. During fiscal year 1984, about 62 percent of our total operating budget will have come from listeners. We anticipate a fiscal 1985 during which up to 72 percent of our operating budget may have to come from public support.

The largest component of our fundraising activity is, of course, public participation. That is, in addition to their financial support, the public assists WAMU with on-air drives, special events, mailings. And during fiscal year 1984 about 500 volunteers will have helped us in hundreds of ways to achieve our fundraising goals. We have a membership currently of over 12,000 people and growing support from the business sector.

As you know, the community service grant, or CSG, is the vehicle by which Federal moneys are computed and allocated to individual public stations. CSG's were designed largely based on an incentive principle. However, even as WAMU has shown over the past years impressive fundraising incentive, available CSG money has declined.

So while we enjoy a healthy and steady rise in public support, our CSG has proportionately dwindled. On the face of it, of course, there may be no dilemma. One might argue that Federal dollars be removed as quickly as listener dollars appear.

However, I would argue to the contrary, and here are just some of my reasons. Let me outline just two areas of need at WAMU which we cannot afford to accomplish without your help.

First, as with many stations in this system—and you have heard this from others this morning—WAMU is in some important ways technically outdated. Our chief engineer is in perpetual search of repair and replacement parts that are no longer manufactured and which 5 years ago were already obsolete. Our physical plant needs more than a facelift. The demand on our space for offices, studios, and people—both volunteers and staff—has become a test of patience. Our workplace is crowded and we have not the means to redesign. We do not have the room for the additional desks that we do not have the money to buy.

I have visited other public radio stations and TV stations and I know that WAMU is not alone in experiencing this problem.

Second, WAMU is forever stretched to attract and then pay the talented people whom we look to to produce the product we all agree is valuable and must be excellent. Yet, it has become accepted virtually without question that public broadcasters work for love and not money.

Audience research shows that public radio listeners are exceptionally discerning. They want timely content and they want top quality sound. More and more, WAMU must hold our listeners and their financial support, but we do not have the resources we need to enact the solutions to some of these problems.

So far I have given you an example of our programing and an example of our problems. Nationally, there are 8.5 million public radio listeners. That is an audience growth since 1979 of about 400 percent. But we, both the public and public broadcasters, cannot go it alone.

Only 1 million of our listeners are actually supporters. We have motivated one in every eight—a great fundraising track record by anybody's standard. But what of those who do not, or indeed cannot, pay for public radio? There are seven in every eight. Federal support not only meets the financial needs that listener support alone cannot; it also provides for those listeners who simply cannot afford to participate financially, but who clearly benefit from the service in communities public radio stations serve all across the country.

Further, Federal support, healthy, convicted and active support, insures a diversity in public radio's funding base. This role which you and your colleagues play represents the spirit of public radio's original mission.

Let me return to WAMU. If WAMU were only to depend on listener dollars, with little or no CSG, there would be the proverbial good news and bad news. The good news, of course, would be that this kind of support base is the epitome of public broadcasting authenticity: listener-supported public radio.

The bad news is that listener support at its current rate of growth cannot by itself keep WAMU going. It does not provide for contingency, capital or planning. It does not secure fiscal stability. It subjects WAMU to vulnerabilities from which it should by rights and responsibility protect itself on behalf of our listenership and supporters. Listener support from month to month is speculative by definition, and our fundraising, while necessarily ambitious and diligent, does not carry the entire load.

There is a catch-22 in all this that means that, right now, succeeding as a noncommercial public radio station brings a penalty rather than applause. While our listener support increases, it simply does not increase fast enough to make up for the CSG dollars which have declined faster. Since 1979, our listener support has risen by over 60 percent, while our CSG has fallen from a 21-percent ratio to a 12-percent ratio for upcoming fiscal year 1985.

We are literally working triple time just to stay in place. We are admittedly producing a superior product, with more supporters, yet with proportionately less money. Without a renewed Federal commitment, I believe this phenomenon becomes predictably finite, this despite accelerated fundraising and more people listening and participating.

And it is tough—I have to say this here, having just completed a fundraiser—to target fundraiser goals each season higher than before and not show more for more money from the people who think enough of us to have supported us in the first place.

Without Federal support, our only reasonable alternative is to cut program services, risk the excellence and reliability we have all worked so hard to achieve, and take some big steps backward. I respectfully submit to this subcommittee that this is an unacceptable alternative.

You, I, our respective and mutual constituencies, each and every one of us as individual public broadcasting supporters want to have backed a winner and not a nice idea that failed after too many years of stumbling to an undistinguished end.

I ask that you consider favorably the request before you. I believe your financial supporter is what strongly endorses the support we need from public radio listeners across the country. They will pledge their membership contributions with the confidence that it is your leadership that backs their investment 100 percent.

Public radio has shown what it can do as an industry committed to excellence and as a unique institution committed to the integrity of its mission. I believe public radio will succeed because of this complement of Federal and individual financial support.

Senator GOLDWATER. Thank you, Ms. Kern.

Mr. Welling.

Mr. WELLING. Mr. Chairman, Ohio University is situated in the rural Appalachian corridor of the State of Ohio. It is the licensee of two public television stations and two public radio stations.

These broadcast services have expanded rapidly since support has been available from the Corporation for Public Broadcasting and the public telecommunications facilities program. The FM service expanded in 1969 to a 50,000 watt regional service covering 30 Appalachian counties. Ten years ago, a second television service was added in the area of Cambridge, Ohio, again in the Appalachian corridor of the State.

In addition, the power for WOUB-AM has been increased. It is the only AM station on the air at night in our community.

Federal support has helped in the construction of these transmitting facilities and in the development of production facilities to program them. It is the single critical element that has permitted the conversion of these stations from promising early educational laboratories to solid continuing public institutions touching the lives of over half of the people in our region each week. It has added stature, quality and diversity to our resources, to the development of a nationwide public broadcasting service of which we are a part.

In 1967 when the Public Broadcasting Act was passed, these stations were supported solely by the university. Today funding comes from 12 major sources. They reflect the diversity of public broadcasting funding generally.

We believe that radio and television can provide extremely cost effective public services for virtually all people, regardless of their location, their affluence, or their educational level. Adequate Federal core support is the critical element in the development of such a national system.

I would like to focus now, if I can, on our public radio stations to illustrate that public radio is still predominantly a service developed in each community to address its particular needs. The community served by WOUB–AM is a small one. It includes the population of a major university.

The AM radio service recognizes the unique nature of our community. It is primarily a news and information service, drawing heavily on resources from NPR, but also including an exceptionally heavy emphasis on local news and public affairs programing.

The regional population served by WOUB–FM, on the other hand, shares many qualities of its Appalachian neighbors: high unemployment, terrain barriers to public service and to human development, generally low socioeconomic and education levels. Since 1969 we have attempted to address these problems directly, through a daytime service targeted for a broad, general audience.

News and information programs are set in a popular music matrix. Information provides support for a broad social agenda, and here are a few illustrations: The only regional job opportunities program offered daily throughout the area; information on black lung benefits and other services for miners; programs on housing, health care, and public services for senior citizens; social security and supplemental security information; economic development information for small business; and a daily call-in program on rural alternative lifestyles, which is produced by an independent producer, by the way.

These stations and the TV station as well also serve as a training ground for students who will be future professionals in this field.

The funds in our budget from the Corporation for Public Broadcasting both for radio and for TV dropped by $136,000 or 23 percent between 1982 and 1983. In radio, we adjusted to those cuts by production staff reductions, reductions in student wages and cuts in basic operating supplies. Local production, as you have heard from our TV colleagues, is often the painful sacrifice stations must make in a time of declining revenue and increasing fixed costs.

This year our underwriting income has grown by 58 percent, but that amounts to only about $5,000. Private fundraising is no substitute for Federal support for rural stations like our own.

Much more can be done with these stations to serve a wide variety of public interests in Appalachian Ohio. Our plans depend, of course, on a continued Federal partnership both in facilities construction and in system operation.

With respect to facilities, here is what we have in mind. No effective public radio service is available in the area of Cambridge, Ohio, where our second television station is located. Plans are now being developed to activate an FM service from that site to extend programing to about 10 counties.

By 1988 it will be necessary to replace our FM transmitter, which will be 20 years old on that date. Both of these stations are currently supported by aging equipment in our production center in Athens. Continued Federal support for equipment is critical, but the law should be modified to drop the requirement for 75 percent investment in new services in order to provide greater agency flexibility and greater local flexibility.

With respect to operations, here are some of our plans. The authorization figures for CPB which the system has recommended for 1987-89 would permit us to resume the growth in service interrupted by Federal budget cuts. At Ohio University, this new revenue would be used to do the following things:

To expand local production again;

To help with operation of a new station in Cambridge;

To increase program acquisition budgets for our radio stations;

To initiate 24-hour service on all radio stations;

To invest in increased research about our audiences;

To invest heavily in the promotion of services to increase listener use of our existing programs;

And to develop targeted new educational radio services for adult learners.

Those are our plans. CPB support, although only 25 percent of our budget, is critical to our realizing them. We support this legislation. We are extremely grateful for its introduction and for this opportunity to talk about our local story.

Thank you.

[The statement follows:]

STATEMENT OF JOE WELLING, DIRECTOR, TELECOMMUNICATIONS CENTER, OHIO UNIVERSITY WOUB-AM

Mr. Chairman and Members of the Committee, I am Joe Welling, Director of the Telecommunications Center at Ohio University in Athens, Ohio. The University is licensee of two public radio stations and two public television stations. I manage them, and I am grateful for this opportunity to tell you about the importance of federal funding to us and our community.

THE SETTING

Ohio University is situated in the Appalachian corridor of the state. It is a large, diverse institution with a strong academic program in communication and a 180-year history of community involvement. It has been in the business of public educational broadcasting since 1949 when it activated the first eductional FM radio station in Ohio. Local program service on WOUB-AM began in 1957, and our first public television station began operation 21 years ago. These services have expanded rapidly since support has been available from the Corporation for Public Broadcasting and the Public Telecommunications Facilities Program. Building on a strong core of University commitment the FM service was expanded in 1969 to a 50,000-watt regional service covering 30 counties. Ten years ago a second television service was added to extend public programming to another unserved Appalachian area near Cambridge, Ohio. Power was also increased for WOUB-AM, our local radio station.

Federal support has helped in the construction of these transmitting facilities and the development of production facilities to program them. It is the single critical element which has permitted the conversion of these stations from promising early educational laboratories to solid, continuing public institutions touching the lives of over half the people in our region each week. It has added stature, quality and diversity to our resources through the development of a nationwide public broadcating service of which we are a part. It has helped to diversify our financial base to include direct state subsidies added in 1982 for public radio, and private support from individuals and businesses. In 1967 when the Public Broadcasting Act was passed these stations were supported solely by the University. Today funding comes from twelve major sources and reflects the diversity of public broad casting funding generally.

I want again to emphasize the setting for our operations. These are rural stations. They serve small communities spread across the Appalachian foothills. Public broadcasting services are, we believe, especially critical in such a setting. We believe that radio and television can provide extremely cost-effective public services for virtually all people regardless of their location, their affluence, or their education level. Adequate federal core support is the critical element in the development of such a national system.

The term "alternative" service is often used to describe what we do. In regions like ours we are often the only service available for public programming. There is no other television station situationed in our quarter of the state. WOUB-AB is the only AM station on the air at night in our community.

PUBLIC RADIO

I want to focus now on our public radio stations to illustrate that public radio is still predominantly a service developed in each community to address it particular needs.

The community served by WOUB-AM is a small one which includes the population of a major university. Athens, Ohio has a heavy proportion of professional people, 13,500 college students, 1,600 international students and international residents from 90 countries. It is in many ways very different from the region of Southeastern Ohio in which it is situated. The AM radio service recognizes the unique nature of the community. It is primarily a news and information service drawing heavily on the resources of NPR, but including an exceptionally heavy emphasis on local news and public affairs programming and live coverage of events.

The regional population served by WOUB-FM shares many qualities of its Appalachian neighbors: high unemployment, terrain barriers to public service and human development, generally low socio-economic and education levels. Since 1969 we have attempted to address those problems directly through a daytime service targeted for a broad, general audience. News and information programs are set in a popular music matrix. The response is high and the target audience is being served. The information provided supports a broad social agenda. Here are a few illustrations:

The only regional job opportunities program offered daily.

Information on black lung benefits and other services for miners.

Programs on housing, health care, and public services for senior citizens.

Social security and supplemental security information.

Economic development information for small businesses.

A daily call-in program on rural alternative life styles produced by an independent producer.

The evening FM service is dedicated to arts programming providing regional access to concerts and dramatic work not otherwise available.

These stations, and the TV stations as well, also serve as a training ground for students who will be future professionals in the field. The College of Communication is especially pleased with the CPB Scholars Program through which public broadcasters who are women or minority group members can return to school for a master's degree focused on public broadcasting management. This program is the only one of its kind, and it was developed in partnership with the Corporation for Public Broadcasting.

FEDERAL BUDGET CUTS

The funds in our budget from the Corporation for Public Broadcasting for radio and TV dropped by $136,000 or 23 percent between 1982 and 1983. In radio we adjusted to those cuts by staff cuts, reductions in student wages, and cuts in basic operating supplies. Prior to that loss we had three full-time staff producers in radio whose work was supplemented by students and community volunteers. We ended one position and asked a second producer to spend half his time working on program underwriting—an effective loss of 50 percent in staff support for local production. That is a common story. Local production is often the painful sacrifice stations must make in a time of declining revenue and increasing fixed costs.

The decision to put more emphasis on private fund-raising was a sound one given the circumstances. We realize about $2.34 for each dollar invested in memberships and underwriting. This year our underwriting income has grown by 58%, but that only represents less then $5,000. Private fund-raising is no substitute for federal support for stations like ours.

FUTURE PLANS

Much more can be done by these stations to serve a wide variety of public interests in Appalachian Ohio. We have plans for the future and the energy to realize them. They depend upon a continued federal partnership both in facilities construction and system operation.

1. Facilities

No effective public radio service is available in the area of Cambridge, Ohio where our second television station is situated. Plans are now being developed to activate an FM service from that site to extend programming to about 10 counties. We hope to be in a position to build such a service a year from now, with the help of the Public Telecommunications Facilities Program.

By 1988 it will be necessary to replace the WOUB-FM transmitter which will be twenty years old. A state matching fund request has already been filed in anticipation of PTFP support.

Both these stations will be supported by aging equipment in our production center.

Continued federal support for equipment is critical, but the law should be modified to drop the requirement for 75 percent investment in new services in order to provide greater agency and local flexibility.

2. Operations

The authorization figures for CPB which the system has recommended for 1987, 1988 and 1989 would permit us to resume the growth in service interrupted by federal budget cuts. They are very small as an investment in public service when contrasted with the estimated $27.6 billion the nation will spend in 1987 for commercial broadcasting and cable TV.[1]

At Ohio University this new revenue will be used to:

1. Expand local production.
2. Help with operation of the new Cambridge station.
3. Increase program acquisition budgets which are now only $7,700 for both radio stations.
4. Initiate 24-hour service on all radio stations in order to better serve the community.
5. Invest in increased research about audiences.
6. Invest heavily in the promotion of services to increase listener use of existing and new programs.
7. Develop new targeted educational audio services for adult learners throughout the region.

The support of CPB, although only 25 percent of our local budget for radio and TV, is critical to realizing the potential of public broadcasting in Southeastern Ohio.

CONCLUSION

I am grateful for the opportunity to tell you about our services and our hopes for the future. I would, of course, welcome your questions.

Senator GOLDWATER. Thank you very much, Mr. Welling.

Mr. Bennet, did you have any comments you wanted to make?

Mr. BENNET. A few, Mr. Chairman. I would ask that my full statement be put in the record.

First, I want to thank you profoundly for the opportunity to appear before you again so soon, and also for the affirmation of public broadcasting that your introduction of this bill gives us. I cannot possibly describe the importance of the kind of support that you've given through the years and here this morning to our common enterprise.

My prepared testimony tells a little about what kinds of thing that we would do with the money if we get it and what it will do for public radio. I thought this morning that I would try to address the priorities question which I know that you and the committee will face, which is why do it for public broadcasting, why do it for public radio, when there are other competing needs?

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[1] 1983 U.S. Industrial Outlook.

It seems to me that the answer is in the multipliers. I can think of four that I would just like to tick off very briefly this morning.

In the first place, there is a flat-out financial multiplier. As I suggest in my testimony, if this bill is enacted and funded, we are talking about an average additional contribution to stations which might be on the order of $50,000 per station in 1987. The number could go up or down a little bit, but basically it is in real dollars $50,000.

That is $300,000 when you multiply it by the 6- or 7- to-1 contribution that is coming in now from local communities. Our stations have shown we can do that. And I ought to emphasize that the contribution is not only a financial one but, going to what has been said here earlier today about community participation and community support, I was in Sitka, Alaska, last week and asked someone at Station KCAW there what kind of community participation there was in the station.

I want to ask that this be put in the record, but I wanted to show you. This is the weekly menu, and each of the circled items is volunteer produced. These are people who have been brought in from the community, given a little training in radio, and who are now producing programs for this absolutely lovely small station in Sitka.

A second multiplier has to do with the state of public broadcasting right now. We are in a situation where we have a lot of good stations in place. A big investment has been made in equipment. We know what our basic product is. The stations, as you have heard this morning, have been squeezed by financial cutbacks, and certainly NPR has been squeezed very hard during its recent financial crisis.

But the flip side of that is that we are in a situation where an increment in resources at this point is going to contribute enormously to additional programing. Where in the past one might have been making an investment in experimentation, now we are making an investment in expansion and an increase in service.

Third, there is a cultural multiplier, and you yourself alluded to it this morning. There is a great deal of performance going on in the United States. The chairman may not be aware of the Penny Penny playwriting contest which has been going on, in which a thousand youngsters from around the country have submitted radio dramas that they have written. Four of them have won; they will be performed at the Kennedy Center on April 14 and broadcast over radio.

There is drama, there are jazz performances, there are classical music performances, there are contemporary American composers. They belong to all of us. We are not a cultural wasteland, but we need to be able to hear each other more, and that can be a function of public radio.

Finally, there is the civic multiplier, which has to do with running an efficient, effective democracy and an informed citizenry. I do not have to emphasize that point in this audience, except to say that what we do costs a half a cent a day per listener. You cannot beat that with newspapers or school rooms or lots of other things that could be considered competitive.

As far as the stations are concerned, the highest cost items are covering local events, the highest cost items are covering one's State, and yet they are the most important. And the kind of resources we are talking about here today could make the difference. That $300,000 that the average station can end up with can mean the difference in radio between being able to provide really excellent local coverage and not being able to do it.

I will just conclude, Mr. Chairman, by saying, as we all must acknowledge, that our country is in a period of very harsh adjustment and cutbacks and freezes, but it is also a time for choosing. It is a time for choosing what will yield the greatest good for the greatest number, at the least cost in Federal dollars.

I submit that public broadcasting and public radio together are clearly very high on that priority list.

If you have any questions of any of us, we would be happy to try to answer. Let me say once again how happy I am for the opportunity to appear here today.

[The statement follows:]

STATEMENT OF DOUGLAS J. BENNET, PRESIDENT, NATIONAL PUBLIC RADIO

Mr. Chairman and Members of the Subcommittee, on behalf of National Public Radio and its member stations, I appreciate the opportunity to testify in support of S. 2436, introduced by Chairman Goldwater and cosponsored by most of the members of the Subcommittee.

With me today are Nina Kern from public radio station WAMU-FM here in Washington, DC, and Joe Welling from WOUB-FM in Athens, Ohio. Together we will make what I believe to be a strong case for the funding levels proposed in this legislation.

Let me say at the outset, Mr. Chairman, that your steadfast support of public broadcasting encourages all of us, and your contribution to our effort is deeply appreciated.

Under the pending legislation, $53 million of the $238 million authorized for CPB would go to public radio in 1987, $57 million of $253 million in 1988, and $61 million of $270 million in 1989. This radio portion will be divided between local public radio stations and national program production of the kind provided by National Public Radio.

STATION NEEDS

There are now 269 public radio stations qualified to receive federal funds through the Corporation for Public Broadcasting and 251 of these are full National Public Radio members. Seventy-five percent of public radio stations have yearly budgets under $500,000, and only 16 stations have budgets in excess of $1 million per year. The average budget of all CPB qualified stations is roughly $444,000 consisting primarily of state, local and listener support. The average federal contribution is $60,000 per station—less than 15 percent of the total—and ranges from $9,459 to $443,111. The federal contribution is a critically important multiplier in generating local support—a multiplier that helps produce six or seven local support dollars for every federal dollar.

This bill would increase the average federal contribution to each station by about $50,000 in real terms. The average station would receive a total of about $113,000 in real dollars in 1987 under the pending legislation.

The public radio stations will use these new federal dollars and the additional local support they will generate in a variety of ways, depending on local requirements. The system is young and robust, despite its current belt tightening. It can serve far more people and serve them better by 1989. There is an enormous untapped potential in public affairs programming, both locally and nationally, because radio is so inexpensive. In most communities, public radio is only beginning to realize its potential. It can become an even more important public asset for conducting the public business of an informed citizenry. Fifty thousand additional federal dollars can make the difference between mere survival, which is the present pattern in many communities, and being able, for example, to hire a small staff to cover local public affairs.

Public radio is not only public affairs, but also performance. The $50,000 for stations may very well mean the difference between being able to record local concerts and make them available for broadcast nationwide, and not being able to do so. Why deprive ourselves as a nation of the cultural output of our communities? Why deprive local communities of additional cultural funding they can attract if they are serving broader audiences?

Reductions in federal support since 1981 have meant a real reduction of service to many local communities by public radio stations. When federal appropriations to the Corporation for Public Broadcasting dropped from $172 million to $137 million between fiscal years 1982 and 1983, the Community Service Grants, the unrestricted grants which go directly to stations, were reduced by 14 percent. At the same time, the number of public radio stations eligible to share this money increased an average of 15 stations per year. In fiscal year 1981, the average Community Service Grant awarded was roughly $75,000. This amount had declined to $60,000 in 1983. In fiscal year 1984, the average remained at roughly $60,000, only because NPR reduced its share of the federal pool, thereby increasing the stations' share in order to help offset the effects of previous cuts.

Community Service Grant reductions often mean that the local stations must reduce local programming. The largest percentage of CSG's are used for support of personnel. At most stations, the vast majority of employees are directly involved in programming, so a cut in personnel is a cut in the ability of the station to continue with the programming its audience has come to expect.

NATIONAL PROGRAMMING

National Public Radio, which is owned by the vast majority of CPB qualified public radio stations, received $10.5 million in fiscal years 1983 and 1984 in program grants from CPB to provide member stations with services like "All Things Considered," "Morning Edition," cultural programming and programming for specialized audiences.

The public affairs and performance programming, are the cornerstone of the NPR offering. This high-quality program package enables new stations to come on board and increase their audiences. It is what enables established stations to grow. It sets standards. It helps stations to be heard nationwide. Additional funding would enable NPR to acquire programming, multiply underwriter dollars, and give national visibility to the products of local stations and independents.

Because of recent cutbacks at National Public Radio, the budgets for these basic services are stretched to the breaking point. National Public Radio's budget in 1980 was $19 million, of which $17.1 million or 90 percent was provided by the Corporation for Public Broadcasting. In 1984, NPR's amended operating budget is $20 million with CPB providing $10.5 million or 52 percent for operations. Foundation grants which primarily support programs or special programming have grown from $4,500 to over $1 million per year. Corporate or corporate foundation support which also supports programming, has grown from zero funding in the early years to well over $1 million annually.

In 1977 about 4 million people listened to the NPR system of member stations. By the spring of 1983, this number had increased to over eight and one-half million persons each week. Not only are more people listening; those who listen consider public radio an essential source of information and enrichment. In short, public radio is improving the quality of their lives.

This year the audience for news and information programming is equal to the classical music audiences. Classical music is the dominant performance format, jazz is second followed by folk music and drama. Programming targeted to specialized audiences and children is heard by less than 5 percent of the public radio audience, but we believe it to be especially valuable to these groups. Seventy-seven percent of public radio's news and information audience listens to NPR's news and information programming; eighty-three percent of the drama audience hears NPR-distributed drama. These formats are the most difficult for stations to produce themselves or to acquire through other means.

National Public Radio currently provides 70 hours of programming a week. With the increased levels of funding we are seeking, NPR proposes to provide to the public radio system 70 hours of programming services per day, 7 days a week. Our programming would encompass the categories which the stations indicated were priorities for service, and would enable them to choose from a much richer menu to supplement their own productions.

An expanded NPR service would include more hours of news and information service, building upon the models provided by "All Things Considered" and "Morning Edition." This service would be characterized, as are our present programs, by timely presentation of news and information in more detail and with wider-ranging perspective than otherwise available through the broadcast media. It would include more feature material to broaden the listener's knowledge and stimulate interest in subjects outside his normal frame of reference.

As an adjunct to the above, we would hope to offer four hours daily of information program elements of special interest to selected groups. These elements would be used by stations in locally produced programs. In comparison with the general audience service, they would provide more detail and would be targeted to such groups as ethnic minorities, the elderly, to women, and to individuals with specific interests such as science, environmental concerns or foreign affairs. The elements would be formatted to fit into local programming and segments of "All Things Considered" and "Morning Edition."

Also available would be two hours of "gavel-to-gavel" broadcasts of events such as conferences and hearings on matters of significant national interest from selected locations throughout the country.

In the performance area, I would like to see National Public Radio provide a 24-hour daily classical and jazz music service composed of a mix of records and on-location broadcasts largely produced by our member stations, of exceptional concert performances. This service would also include timely information and short features of interest to listeners of classical and jazz music. It would be distinctive in its selection of material and its capability to encompass both the tradition of Western classical and contemporary composition. The jazz service would treat with respect the art which preeminent American jazz artist Bill Taylor calls, "American classical music."

We would also like to add a two hour daily service composed of a mix of traditional "popular" drama, adaptations of great literature, and new productions of drama dealing with contemporary themes. Related forms such as interpretive readings and poetry would also be included. The service would be distinctive in its capacity to stimulate imagination and appreciation of the creative potential inherent in the spoken word.

ECONOMIC ANALYSIS

The public broadcasting authorization levels of $238 million, $253 million and $270 million for fiscal years 1987-1989 are supported on solid financial research performed by CPB's Office for Policy Development and Planning. CPB's study, "Financial Forecasts Documenting Public Broadcasting's Federal Funding Needs" examines the major public broadcasting budget categories and projects cost increases using current administration economic data and forecasts. Similarly, the possibility of increasing station income is charted against projected increases in non-CPB sources of support.

The study is divided into two categories: the cost of maintaining the 1982 level of activity, and, the cost of "excellence," which lay out the levels of funding necessary for public broadcasting to fully meet its federal mandate. The study's conclusions provide dollar amounts missing from the projected financial future of public broadcasting.

The level of funding requested in the proposed legislation would maintain the 1982 level. The Excellence Case would require amounts in excess of the proposed levels—$289 million, $308.4 million and $329.3 million for fiscal years 1987-89 to provide that "excellence" level of service.

PUBLIC TELECOMMUNICATIONS FACILITIES

Mr. Chairman, also included in this legislation is increased authorization levels for the Public Telecommunications Facilities Program. We are seeking funding levels of $50 million, $53 million and $56 million for fiscal years 1985-1987. These funds are just as important to the public radio system as the Community Service Grants and program monies.

Federal matching grants provided during the last twenty years have permitted the construction and equipping of a public radio service reaching approximately 70 percent of the nation and a public television signal reaching 90 percent. A total of eighty full service public radio stations are expected to join the existing system over the next eight years. Signal improvements, the use of translators, satellite earth stations, and the growth of less than full service stations will further extend system coverage in the next decade.

Over the next eleven years, annual costs for building and maintaining the public radio system will average about $24 million, assuming a constant rate of 6 percent annual inflation. At the same time, the average cost of maintaining the existing system in place is estimated at slightly more than half the total, or $12.5 million.

Congress and the American people have made a large investment over the past twenty years to build this nation-wide system. The total replacement value of this investment is approximately $120 million for full service station production and transmission facilities and the public radio satellite distribution system. The first priority is and must remain extension of service to areas not presently served whose citizens, nonetheless, support public broadcasting through their tax dollars. While we cannot lose sight of this goal, we must also commit sufficient dollars to preserving and modernizing the existing capital investment. That in no way would diminish the the need to complete the system and extend service to those areas not now being served.

The legislation should assure retention of existing service through replacement of aging equipment at the same it facilitates extension of these services to unserved areas. We believe the fixed percentage of funds to be allocated to new service should be eliminated, and new or extended service should be provided in a cost effective manner. The federal investment proposed is about one-half of the industry's projected annual capital needs through 1987. The remaining half must be raised from non-federal sources.

THE NATIONAL PUBLIC RADIO MANAGEMENT

The public broadcasting community is requesting significant increases in our level of funding. I feel compelled to summarize the measures we have taken at National Public Radio to assure that financial difficulty such as occurred last summer can never happen again.

Ten months ago, NPR announced a deficit projected at almost a third of its annual budget. MPR's member stations, its staff, its supporters on Capitol Hill and in foundations and corporations, and millions of Americans who depend on public radio were also surprised, and shocked.

Ten months later, we have a balanced budget for fiscal year 1984. We have a complete and reliable system of financial controls in place. We have the information we need to develop a practical plan for repaying the debt incurred last year. Having our financial house in order, we feel confident that NPR can maintain current services through fiscal year 1984 with the balanced budget we have in place. The 1985 budget will also be balanced—hopefully with help from a supplemental appropriation, but balanced in any case.

We have implemented the extensive financial management recommendations made by Coopers and Lybrand. We are now able to track income and expenditures, and accurately determine how much money is spent and for what it is spent. I receive regular monthly financial reports. Our bank accounts are reconciled on a timely basis. We are completely reorganizing the billing and collection structure. We have new procedures for American Express cards held by NPR employees.

The debt payments are a serious burden both for NPR and our member stations, so we intend to explore with them a variety of ways to raise monies for debt retirement. Whatever direction this process takes will be a joint effort between NPR and public radio stations. As you know, federal funds received by NPR through the Corporation for Public Broadcasting are committed to program production and cannot be used for principal reduction.

CONCLUSION

Mr. Chairman public broadcasting is a bargain. It is a relatively young, very fresh asset in America which can go much farther in enriching our cultural and civic lives. I urge that the Committee act favorably on the legislation before it.

[The following information was subsequently received for the record:]

QUESTIONS OF THE MAJORITY AND THE ANSWERS THERETO

Question. In written testimony, the Corporation for Public Broadcasting recommended five substantive amendments: (a) 10 percent allocation formula, (b) interconnection/6 percent trigger, (c) unrelated business income tax, (d) community advisory boards, and (e) biannual audits. Which of these amendments would you support, and why? Which of these amendments would you oppose, and why?

Answer. The public radio system supports repeal of the unrelated business income tax. Section 396(k)(8) of the Public Broadcasting Act of 1967 requires that a public telecommunications entity paying taxes on income earned from activities unrelated to its tax-exempt purpose must refund to the Corporation for Public Broadcasting an amount equal to the tax it pays on these for-profit activities. This, in effect, is a double tax on stations that earn such unrelated income.

This section appears in conflict with Section 399B of the Act which authorizes stations to engage in commercial activities as long as they do not interfere with the provision of public telecommunications services. The legislative history clearly encourages such activities.

This provision is a disincentive to increasing self-support. Public radio stations are able to generate outside income through the lease of their SCA's towers and studio. This is an important source of non-federal income and stations should not be penalized for the creative use of their resources. Most public radio stations, 50-75 percent, are small stations usually employing 10 or fewer people. Seventy-five percent of public radio stations have annual budgets under $500,000, and 154 stations budgets are under $400,000. To deny them the incentive to raise additional non-federal money seems contrary to Congressional intent.

The public radio system does not support the other substantive amendments recommended by the Corporation for Public Broadcasting. We oppose the suggested changes on both substantive and procedural grounds. The public radio system does not support any changes in the Act that have not been agreed to by all parties in the public broadcasting community. If agreement is reached on issues of interest to any of the parties at any stage of the legislative process, the public radio system will, of course, support such consensus changes. Let me briefly address the suggested amendments.

Changes in the general allocation formula.—The 1981 Amendments established a general allocation formula governing the uses of appropriated funds by CPB. Briefly, the formula gives CPB 10 percent of the federal appropriation, with no more than 5 percent for administrative overhead, and no less than 5 percent to pay certain fixed costs of nationwide operations of public radio and television licensees and permitees. The remaining 90 percent is divided between television and radio on a 75 percent to 25 percent basis.

The cost of copyright and interconnection are truly fixed national public broadcasting expenses. They are just as real and necessary as national program expenses. They were essential in 1981, are essential in 1984 and will continue to be and essential part of public broadcasting's national program service delivery costs. CPB's arguments that our needs have changed is true only to a certain point. The protections Congress wrote into law in 1981 guarantee that funds will be made available for these two particular national needs. As long as there is a national public broadcasting service, copyright payments and interconnected transmission expenses must be met; and public radio and television stations already contribute substantial sums out of local resources for such expenses.

Expenses for interconnection remain fixed. Copyright costs may increase when contracts are renegotiated in 1988, but as the appropriations and authorizations increase, CPB will receive greater discretionary funds, along with all other partners in the industry. If the authorization levels sought are achieved, CPB would have as much as $20 million per year of discretionary funding to use as it sees fit—nearly 70 percent of federal funding for the entire public radio system this year.

The Corporation for Public Broadcasting is seeking repeal of the formula governing their 10 percent. The public radio and television stations are concerned about the financial impact of such a change on them. The two areas of financial harm to the stations are: (1) payment of copyright royalty fees, and (2) the payment of 50 percent of television interconnection costs. The membership organizations want to assure that CPB funds continue to pay copyright royalty fees for both public radio and television, and one-half the interconnection costs for public television stations. The combined total of this liability for fiscal year 1984 is in excess of $8 million. The combined liability for fiscal year 1985 through half of 1986 is $12.57 million.

Community advisory boards.—This change would, in effect, reinstitute the requirement that all stations which receive CPB funds have Community Advisory Boards (CAB). This provision was amended in 1981 to exempt stations owned and operated by a State, a political or special purpose subdivision of a State, or a public agency from the requirement to have a Community Advisory Board.

The rationale of the Congress when it adopted the current requirement, was a recognition that the types of stations exempted—governmental entities—have their own public participation structure and a Community Advisory Board would be redundant and costly. It is also true, however, the community stations are closely linked to the public in their areas; and are themselves governed directly by citizen boards of directors. Federally required Community Advisory Boards are duplicative and costly for them, too.

The public radio system supported and continues to support the Senate language added in 1982.

Biannual audits.—The change sought by CPB would require annual rather than biennial independent audits by all public communications entities.

A significant number of small radio stations licensed to universities benefit financially from the change from annual to biannual audits instituted in 1981. It is an unnecessary burden on these small stations—which are fully audited in keeping with proper standards—when there is not demonstrated need to do so. Only two years have passed since passage of the every two-year audit provision. Repeal of this provision is simply premature. The basis of Congress action was a desire to decrease costs to financially strapped stations, and there has barely been time to provide the intended benefit.

In 1981, a Senate Amendment was added that changed audit requirements from annual to biannual. The public radio system supported the Senate Amendment then and does so now since it retains full station reporting and accountability for the use of CPB funds, but diminishes financial burdens on local stations.

Question. What are some of the options NPR will be exploring to repay its loan from CPB?

Answer. As you know, the NPR member stations have agreed to payoff roughly half of the CPB loan by 1986, and many of them have guaranteed the other half if NPR is unable to pay its share. NPR is responsible for interest in addition to its share of the principal payment.

Operating savings are an important but insufficient source of monies for payment of prinicpal. Efficiencies in program production, our largest area of activity, yield no savings because, under our existing production contracts, virtually all such savings return to the Corporation for Public Broadcasting. The savings in the satellite distribution area are reserved as a matter of company policy for production of the next years distribution interconnect fee.

Fund raising will therefore be required as a mechanism which can pay its share of the principal, and hopefully a portion of the station's share as well. The fund raising options include events such as dinners, appeals to foundations and corporations, and if the member stations agree, direct mail and on-air fund raising.

I am confident that all of these avenues, if pursued in a appropriate way, will permit us to repay the principal portion of the loan, with interest payments coming from operations.

Questions of Senator Hollings and the Answers Thereto

Question. Last November, Congress passed legislation imposing tighter financial controls over National Public Radio. Despite the short time this statute has been in effect, do you believe that it is working properly?

Answer. Tightened controls included a requirement for a balanced budget, CPB oversight of financial control systems and prohibition of federal funds for debt retirement.

We believe all of the above cited tightened controls have strengthened NPR and are working.

The fiscal year 1984 budget is balanced and we are running a slight surplus. The fiscal year 1985 budget is balanced and goes further by funding, on a systematic basis, the accumulated working capital deficit.

Monthly reporting by NPR to CPB has produced a desirable internal reporting process which has strengthened NPR management, provided timely data and built a capacity to control operations. Controls over purchasing, travel spending, and obligating NPR are working.

Question. Is National Public Radio proceeding on schedule to reduce the debt incurred prior to last November?

Answer. The scheduled debt reductions have been met. All interest has been paid monthly and the April 1, 1984 principal payment of $100,000 has been made. Station commitments are being kept as promised, therefore, we anticipate no difficulty in making the next payment scheduled for September 30, 1984.

Our aim is to eliminate the debt. We want to help stations pay their share as well as our own. To do this bold new initiatives are required. We believe the public radio system is prepared to address these initiatives.

Question. Representative Broyhill has introduced legislation to reallocate funds between NPR and the radio licensees. What are your views on this bill?

Answer. Basically that the amendment is unnecessary to accomplish the intended goals. Under existing law the stations have the ability to divide radio's share of the federal appropriations by any percentage it chooses so long as not less than 50 percent of the money is allocated to the licensees.

The public radio system is presently considering how federal dollars should be allocated along with many other issues in their ongoing structures discussion. The stations believe they have all the flexibility needed to allocate the radio share of the federal dollars. That National Public Radio receives money to do programming for the public radio system is no accident. The stations decided many years ago, and reaffirmed as recently as last year, when they guaranteed the NPR loan agreement that the continued production of "All Things Considered" and "Morning Edition" plus the cultural and educational programming done by NPR is a top priority of the public radio system. The question of how and what percentage of federal dollars goes to which segment of the public radio system in an internal decision and the stations believe they have the authority under existing law to make whatever determination they feel is appropriate.

The passage of HR 5149 would substantially decrease the funding available for the production and acquisition of programming by independent producers and production entities. NPR would still compete with independents, but the pot for which these interests would compete would be reduced. The statue in its present form fosters competition without decreasing the funding for which programming suppliers can compete.

Question. Some public television stations have had some success at raising additional revenues from activities unrelated to broadcasting. Do public radio stations have similar opportunities?

Answer. Yes, but probably not on the same level as that of television. Public radio stations are able to lease their SCA's, towers and studios and publication of a program guide. Only about 20-30 percent of the public radio stations presently participate in these non-broadcast activities, due to the limited resources at the smaller stations. With the exception of 2 or 3 stations these participating stations generate less than $5000 in revenue.

Senator **Goldwater**. Thank you very much.

This question is for either Ms. Kern or Mr. Welling. Both of you represent public radio stations. Would you care to comment on the steps National Public Radio has taken to improve its management system and its financial health?

Mr. **Welling**. If I may, Mr. Chairman. A year ago at the public radio conference—and we are just a matter of weeks away from this year's conference—we, who manage the stations and are members of National Public Radio, learned about the magnitude of the financial problem. I said at that time that that enterprise had been created by the people in the room, by the people who manage these local stations. It is an enterprise which grows out of their local strength and the wisdom that goes along with that. That if it needed fixing, we would fix it.

And indeed, that has happened. Very strong steps have been taken now, as soon as the information was available, to deal with the financial problem, including an interim management scheme and now the selection of very competent leadership for the organization.

Membership on the board was changed. The chairmanship and key offices on the board were changed. Financial management systems have been put into place in order to be sure we do not go astray again. In addition to all of that, the remedy, helped by a loan from the Corporation for Public Broadcasting, has nonetheless been guaranteed by us, by the stations, and we are all paying for that guarantee.

I think that it is a story which was tragic in its beginning, but is very favorable when you think about the way the system is responding.

Senator GOLDWATER. Thank you.

Ms. Kern.

Ms. KERN. Nothing specifically to add to Mr. Welling's remarks, except to say that our station, of course, backed that CPB agreement with NPR. I think during my time with WAMU I have experienced considerably greater responsiveness in the past 4 or 5 months from NPR than in all the time preceding, and I do not think I would find disagreement among most public radio station managers in the system. People at NPR have been most responsive, and I think likewise public radio stations have taken more interest than ever bvefore now that they are participating in the financial reconstruction of NPR.

Senator GOLDWATER. Thank you.

Mr. Bennet, would you care to comment on that?

Mr. BENNET. Two points, Mr. Chairman. One is that the debt will have been retired by 1987, at the time this legislation will take effect.

Second, I am delighted at what my colleagues have said, because my highest priority is to rebuild the links between the stations and NPR. NPR belongs to the stations. The test of NPR's success is its ability to serve the stations, and I think that those links are being rebuilt and I am confident that NPR will be able to contribute, as it should, to a strong local public radio system.

Senator GOLDWATER. Did the stations feel that they had enough information earlier, so that they could understand whether there was something wrong at the top, and whether they had to take steps to correct it before it got out of hand?

Mr. BENNET. Do I think that was the case earlier?

Senator GOLDWATER. Yes.

Mr. BENNET. I am not sure, Mr. Chairman. I think the flow of information to the stations was quite inadequate, in retrospect. I have not had time to go into excruciating detail about what happened, but of course have read the GAO reports and so forth.

I think there was a failure of information. I think there was a conceptual difficulty having to do with an early stage in an institution's growth. I think it was not clear to a lot of people whether NPR was running a network or whether it was serving stations.

It was clear to the stations what was supposed to be going on, but it wasn't universally clear. The result of that was a lot of confusion. There was a lot of—apparently a lot of tension within the system and even within NPR. But I think that I have got a clear diagnosis of those problems and henceforth I have been pushing information at the stations which they may not even have wanted to hear, but I have felt it necessary to be completely candid about our financial situation.

We can handle our financial situation, but it is very tight, and we have to have a thorough understanding around the system about it. I think that we have reached that point.

Senator **Goldwater**. Mr. Welling, would you like to comment on that?

Mr. **Welling**. Well, I would agree with Mr. Bennet's comments. I think that 1 year ago, or over 1 year ago, the stations had very little idea of the financial status of National Public Radio. Indeed, my understanding of the situation is limited, but I suspect that the members of the Board didn't have as clear an understanding of the financial situation of the organization as they might have had.

I do not believe that that is the case today, and I think that the stations are fully in support of the organization.

Senator **Goldwater**. Thank you.

Well, I want to thank all three of you for coming. It has been very beneficial.

Mr. **Bennet**. Thank you, Mr. Chairman.

Senator **Goldwater**. On our next panel will be Mr. Lawrence M. Sapadin, executive director, Association of Independent Video and Filmmakers; Ms. Loni Ding, from San Francisco; and Ms. Julie Motz, the president of the Hudson River Film and Video.

Welcome to our hearing this morning.

STATEMENTS OF LAWRENCE M. SAPADIN, EXECUTIVE DIRECTOR, ASSOCIATION OF INDEPENDENT VIDEO & FILMMAKERS, INC.; JULIE MOTZ, PRESIDENT, HUDSON RIVER FILM & VIDEO; AND LONI DING, INDEPENDENT PRODUCER, ON BEHALF OF THE WESTERN COALITION FOR AN INDEPENDENT VOICE IN PUBLIC BROADCASTING

Mr. **Sapadin**. Thank you very much. Mr. Chairman, members of the subcommittee, I appreciate this opportunity to appear before the subcommittee to present to you the views of the independent producing community on new authorizing legislation for public broadcasting and to report on recent developments. I have a full statement which I would like to submit for the record. My verbal remarks will amplify and underscore certain points.

The AIVF is a national trade organization representing about 3,000 producers. In addition, I have been authorized to represent a newly formed national coalition of independent public broadcasting producers which represents some 10,000 individuals involved in independent production nationally.

To summarize, I have some good news and some bad news to report to you. The good news is that independent film and video has never enjoyed greater critical acclaim or public awareness than today. A major New York museum, the Whitney, recently devoted a retrospective to the work of a video artist. Independent features are breaking house records at several urban commercial theaters, and independent documentaries continue to distinguish themselves with Emmy and Oscar nominations and awards.

The bad news is that you would never know it watching public television. With the exception of several of the American Playhouse programs and an occasional special, the prime time public television schedule is characterized by a near total absence of independent and minority production. What scant independent programing there is is tucked away in the insomniac fringes of the local schedule. To see programs exploring minority issues, one has to wait for black history month.

But there is more good news and bad news. Bitter and divisive disputes have arisen between independents and CPB over the last 2 years concerning funding policy and procedures at the Corporation.

The good news is that, in a breakthrough development, CPB brought together nearly a score of independent producers and representatives of the production field in an effort to resolve some of these disputes so that we could come here united in unqualified support of the increased authorization levels in your bill. After two day-long sessions, we reached what we believe to be a fair and meaningful agreement on several key issues.

The bad news is that I was advised by phone this weekend that the CPB board had substantially rejected the agreement. What are the issues?

PANEL PROCEDURES

The Act requires that CPB use panels with outside experts to evaluate program proposals. This procedure insures that fairness, diversity and the freshest insights in the field come to bear on the program selection process.

Yet, in fiscal 1983 more than half of CPB's funds were distributed without the use of panels at all, and where panels were used 80 percent or more of the proposals submitted were eliminated by staff and never reached the panel.

FUNDING LEVELS

The act calls for the allocation of substantial funds for independent production. The legislative history signals 50 percent as the intended minimum ratio, with special emphasis on the smaller independent producer. Yet, fiscal years 1982 and 1983 show only about 33 percent having gone to independent production entities, with a significant portion of that amount directed at larger institutional producers. And in fiscal 1984 the figures to date are lower still, only around 25 percent for the smaller producers.

Another issue has been definitional. CPB has bolstered its figures by including the station documentary series "Frontline." Yet WGBH in Boston owns and has full editorial control of the "Frontline" series. We believe that it is meaningless to talk about diversity, about outsiders' views, when those views are owned and subject to final cut by a station. While it is certainly possible that some producers work well in this context and without interference, independence is a contractual relationship, not an individual state of mind.

Finally, CPB's funding of minority production and the public broadcasting minority employment record are inadequate to provide a strong voice for those historically and pervasively excluded from the commercial media.

While we support the increased authorization level set forth in S. 2436, I was looking forward to reporting to you that, due to the progress made in negotiations, we would not be seeking additional legislation at this time. However, with our agreement in jeopardy, I must regrettably request that you leave the door open to legislative remedy. It is unfortunate that CPB's rejection of a fair agreement, arrived at in good faith, now constitutes the strongest argument for remedial legislation at this time.

Thank you very much.

[The statement follows:]

Statement of Lawrence M. Sapadin, Executive Director, Association of Independent Video & Filmmakers

Mr. Chairman and Members of the Subcommittee, I appreciate this opportunity to present the views of the independent producing community concerning new authorizing legislation for public broadcasting. For the record, the Association of Independent Video and Filmmakers (AIVF) represents over 3,000 individuals and organizations involved in independent production nationwide and has, since its establishment in 1974, been the recognized independent producer representative of public broadcasting issues. AIVF testified before the Carnegie Commission on public broadcasting and before this Subcommittee in 1978 and 1981. It is our privilege to appear before you again today.

Our membership is diverse, working in all forms and genres ranging from documentaries to low budget features to video art and experimental short films. What distinguishes them all is that they are produced through individual initiative and effort and bear the mark of authorship whether they are retelling a forgotten moment in black history in a documentary or reshaping our understanding of television in a piece of video art.

I. INDEPENDENT FILM AND VIDEO PRODUCERS IMPLEMENT IMPORTANT FEDERAL POLICIES FAVORING DIVERSITY IN THE MEDIA

Constitutional and Federal communications doctrine has long recognized the importance in our democracy of fostering vigorous competition of the greatest number of viewpoints in the marketplace of ideas. Consistent with this general policy, Congress established as a purpose of the Corporation for Public Broadcasting (CPG) to bring to the American public high quality, diverse and innovative programs obtained from diverse sources (§ 396(g)(1)(A)). To carry out this purpose, Congress authorized CPB to contract with independent producers for the production and acquisition of public television programs. (§ 396(g)(2)(B)), and mandated that CPB reserve a substantial portion of its production funds for distribution to independent producers for the production of public television (PTV) programs (§ 396(k)(3)(B)(i)).

For good reason. Independent film and video has long provided the forum for the discussion and debate of the issues of the day and for creative invention in the media. Women and minorities seeking a voice in the media have necessarily been independents due to their historic exclusion from the communications mainstream. Regional concerns, too, which are rarely reflected in the commerical media, are grist for the independent production mill.

In additional to being diverse, independent production is innovative and of high quality. Light-weight film equipment was developed by independent documentarians seekings greater access to the hidden corners of daily life; video artists developed many of the video technologies that now bring us dazzling logos and other effects on commerical TV. Independent work is represented among the nominees and winners of Oscars, Emmys, broadcast journalism awards and many other honors internationally. Accordingly, the Legislative History to the 1978 Public Telecommunications Financing Act (1978 Act) states that: ". . . it is the conferees intention to recognize the important contribution producers can make in innovative and creative new programming." (House Conf. Report No. 95-1774 at 5396).

II. AIVF SUPPORTS THE AUTHORIZATIONS LEVELS SET FORTH IN S. 2436

Public broadcasting is an important public institution. While its mission and potential is broad, its resources have been limited. Insofar as public broadcasting remains the only effective alternative to the commercial broadcast system, AIVF strongly supports increased funding to the system at levels established in S. 2436.

III. AIVF SUPPORTS THE CONTINUED AGGREGATION OF PRODUCTION FUNDS FOR NATIONAL PROGRAMMING AT CPB

CPB's Program Fund has provided a useful model and played a valuable role in the funding of independently produced programs for PTV. The essential characteristics of the Program Fund were established in 1980, in response to the 1978 Act. The legislation called for the reservation of substantial funds for independent production and the use of panels to evaluate program proposals. CPB established a definition of independent production as work done by "any producer who is in complete control of the content and budget of the production" (Program Fund Priorities and Procedures 3/28/80) and began developing a mailing list by which to notify independents of production funding opportunities. Funding for selected proposals was distributed directly to the producers, thus avoiding the overhead and administrative costs associated with station productions.

The work produced under these policies and procedures became part of the series "Matters of Life and Death" and "Crisis to Crisis." One of the *Life and Death* programs was subsequently nominated for Best Short Documentary in the 1983 Academy Awards. Other programs went on to garner awards, appearing in festivals worldwide (see Attachment A).[1] Five of the "Crisis to Crisis" programs received Emmy nominations in 1982.

Notwithstanding their critical success, these series received extremely poor carriage over the public broadcast system and reached relatively few viewers. Scheduling was poor and promotion almost nonexistent.

IV. CPB FUNDING POLICY CHANGES HAVE CONTRAVENED THE SPIRIT AND LETTER OF THE 1978 ACT

Beginning in early 1982, bitter controversies developed between independents and CPB around issues of the definition of independent production, the use of panels to select programs, funding levels, minority programming and carriage.

A. CPB has ignored its own definition of independent production

In January 1982, CPB announced the creation and funding of a documentary producing consortium centered at WGBH in Boston. The resulting series, "Frontline," has received millions of dollars of CPB production funds. Coinciding with the funding of "Frontline" was the defunding of "Crisis to Crisis" and "Life and Death." At "Frontline," the station owns and retains complete editorial control of every production. Nonetheless, and despite its own definition, CPB has consistently deemed portions of "Frontline" to be independent production. While CPB and a group of independent producer representatives have been negotiating a resolution of this issue, no final agreement has yet been reached. In any event, the treatment of "Frontline" bears on CPB's claims with respect to its independent funding levels in prior years.

B. CPB has distributed the majority of its production funds without the use of panels.

In an effort to diversify program judgments as well as program sources, the Act requires the evaluation of program proposals by panels of outside experts "to the extent practicable" (§ 396(g)(2)(B)(i)). Notwithstanding this clear directive, only 49 percent of CPB's production funds in fiscal year 1983 were distributed using panels. According to CPB's figures, in 1981, 71 percent of the Program Fund's decisions were based "in part" on panel decisions; in 1982, 69 percent involved panels (Program Fund Report—June 1983 at 13).

In addition to this precipitous decline in the use of panels, where panels are used, they are little more than window dressing covering in-house decisionmaking. For example, in a recent program funding cycle at CPB (Open Solicitation), 324 out of 402 proposals received (over 80 percent) were eliminated by staff and never seen by panelists or outside readers (Program Fund Quarterly Report—Jan. 1984, at 9-10). In the preceding round (Unsolicited Proposals), 275 out of 322 proposals (over 85 percent were eliminated by staff (Program Fund Report—May 1983). These CPB practices have undermined the important role that Congress established for panels and are limiting the diversity and public responsiveness of programs being produced.

C. CPB has failed to substantially fund independent production

The drafters of the House Bill which provided the framework for the 1978 Act stated upon introducing the bill on the House floor that by "substantial" the Subcommittee intended that CPB reserve "at least 50 percent of such (production) funds" for distribution to independent producers (Cong. Rec., July 10, 1978, H. 6316; see Attachment B). This view was reiterated in the Report language of the House Committee accompanying the 1981 Amendments to the Act (House Report No. 97-82 at 21).

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[1] Attachments A-D have been retained in the committed files.

In practice, CPB's funding of independent production, and especially of the smaller independents, has fallen far short of the mark. For example, in fiscal year 1982, CPB's August Program Fund Report lists only $7,620,000, or 33 percent of a total production budget of $22.8 million as having gone toward independent production. (This sum excludes $700,000 of production by the Great Plains National Library and the Vincennes Community School Corporation that AIVF challenged and that CPB conceded was mistakenly included. See 4/6/83 letter from CPB to AIVF, Attachment C).

Fiscal year 1983 shows little improvement. CPB claims to have allocated $8.6 million out of a total production budget of about $20 million (or 43 percent) (Program Fund Report--September 1983). Yet that amount includes nearly $2 million of the station series "Frontline," the programs for which are owned and editorially controlled by the station. This, of course, is contrary to CPB's own definition of independent production which recognizes editorial control as an essential element of independence. Excluding "Frontline," the percentage of independent production drops to a mere 34 percent.

Finally, totals for fiscal year 1983 commitments to date, again excluding "Frontline," amount to $4,593,000 out of $16.5 million—only 28 percent. (See January 1984 Program Fund Report). How are the "smaller" independents—those charged with bringing diversity into the system—faring this year? Excluding large institutional producers such as Lincoln Center, "Live From Lincoln Center" and Children's Television Workshop "Sesame Street", the total drops to a dismal 25 percent. Clearly, CPB has failed to live up to its mandate to make independently produced programs a substantial part of the program schedule.

D. CPB has failed to adequately fund minority production

CPB's own figures for minority production ("By/About Minorities") are low. For FY 1983, the figure is 20%, and that includes programming on minority subjects by non-minority production entities. Figures to date for FY 84 show only 15%, and that, too, includes work by non-minority producers (i.e., "Latin American Project" by Press and the Public Project, and "Dance Black America" by Pennebaker Assoc.). By this hazy standard, any public affairs reporting on an Asian, African or Latin American nation would be deemed programming "By/About Minorities" according to CPB.

The proper role of minority production on public broadcasting is to provide a voice for the many communities and constituencies that are underrepresented (or unrepresented) in the mainstream media. CPB's current production funding practices fare not fulfilling that important public function adequately.

With respect to employment of minorities, a recent CPB report on a regional program managers meeting is revealing:

"The level of participation by minorities and women in public broadcasting was discussed, with the general feeling being that over the past few years a plateau has been reached and progress is more or less at a standstill. It was felt that a key role for CPB should be to provide training grants for women and minorities to enable them to move into high level positions on production teams. It was noted that program management is still dominated by white males with virtually no minorities or women in upper management and that this is a problem that CPB should address." (Program Fund Report-January 1984 at 9).

CPB has fallen short in the area of minority and women's employment participation in public broadcasting.

V. LEGISLATIVE REMEDIES

A consensus has formed within the independent producing community nationally resulting in the recent formation of a National Coalition of Independent Public Broadcasting Producers representing approximately 10,000 independents coast-to-coast.

Earlier this winter, the AIVF Board of Directors approved a series of legislative recommendations for public broadcasting. (See Attachment D).

The areas upon which there has been virtually unanimous agreement among independents have been the need for a statutory allocation for independent production funds (as has been done for all other production catagories within the system), a clarification of the definition of independent production, a strengthening of the panel selection requirements fand measures to increase minority programming and participation in the public broadcasting system.

In a promising breakthrough development, CPB recently brought together leaders of the independent producing community in an effect to reach agreement on these issues. After two day-long negotiating sessions, a tentative agreement had been reached on March 16, 1984. I was looking forward to reporting to you that due to this development we were not seeking legislation at this time. Only this weekend, however, I learned that our agreement with CPB has been substantially rejected by the Corporation's Board of Directors, despite favorable recommendation from CPB's Office of Legal Counsel and the Program Fund. I must, therefore, regrettably request that you leave the door open to appropriate legislative remedies in the event that our agreements with CPB can not be salvaged in the days ahead.

Senator GOLDWATER. Well, I can tell you that the door is always open. If you want to call on my staff at any time, you can come down and tell us about your problems. I was going to ask a few questions about them anyway.

Ms. Motz.

Ms. MOTZ. I have a full statement which I would like to have entered into the record. This will be a summary of that.

Senator GOLDWATER. It will be put in the record and you can proceed as you wish.

Ms. MOTZ. There seems to be some notion that public television has been the bastion of a particular political point of view. In truth, it is one of the most reliable and responsible media sources we have. We have only to compare the PBS documentary series on Vietnam with the CBS "60 Minutes" handling of General Westmoreland to appreciate this.

The Vietnam series was the work of an independent producer, one of the many who have for years subsidized public television with long unpaid hours of work in pursuit of a belief or a dream. In spite of this, independent producers are the last to be thought of when it comes to divvying up the public television pie. When balance is spoken of in public television, it is always between the stations and CPB. The independent producer, who alone is exclusively concerned with producing the material that goes on the air, is seldom mentioned.

Independent producers are not insensitive to the pressures, both political and economic, with which CPB, PBS, and the individual stations must contend. It is their effectiveness in dealing with these forces that has protected the system and kept the airwaves open, and for that independent producers are indebted. What is unfortunate is that the battles of public broadcasters with those outside threats to their survival sometimes leave them insufficient time, energy or freedom to deal creatively with program production issues.

Stations struggling for their very existence are understandably tempted to use programing funds to help cover station overhead. CPB, with one eye on their next authorization bill and the many political constituencies that may lobby for or against it when authorization time comes around, can never be totally free in its programing considerations. Authorization is a two-edged sword. While it insures a certain measure of accountability, as demonstrated by these hearings, it also guarantees that political skills must be as vital to the Corporation and its employees as management skills.

To deal with this problem and correct this imbalance, I propose a mechanism modeled on the CSG's, the community service grants. These grants represent partnership between CPB, the Federal funding agency, and public television stations, the broadcasters.

What I propose are PPG's, or program partnership grants. Under the PPG's, independent producers would receive automatic matching Federal funds from CPB for money raised from nongovernmental sources for specific productions.

Obviously, responsibility for programing must continue to reside with the stations, for legal as well as practical reasons. In the PPG partnership, stations would have to approve treatments and budgets for independently produced programs in advance and offer some guarantee that if the finished program corresponds to the original agreement it will be aired.

I believe that such a partnership between CPB, the stations, and independent producers would allow independents in a responsible way to become a constant source of the excellent and diverse programing that we can now only intermittently supply. I also believe that it is essential that the mechanism for this partnership be established by law, just as the community service grants are, and for similar reasons. I would be glad to expand on those reasons if you have questions.

In closing, I would like to say how much I admire those people who continue to work within the public television system, people like Ron Hull and Don Marbury at the program fund of the CPB, Peter Fannon working on behalf of the stations, John Lorenz at PBS, and the tireless Jay Island, president of channel 13. It is their courage, their skill, and their taste that have kept the system alive and functioning, and they operate within the limitations of that system to the very best of their extraordinary ability.

I hope that in funding them generously and appropriately and in establishing program partnership grants, you will allow us all to continue to serve the American public creatively and well.

Thank you very much.

[The statement follows:]

STATEMENT OF JULIE MOTZ, PRESIDENT, HUDSON RIVER FILM & VIDEO CO.

That information is an essential part of freedom is more obvious now than at any previous point in our history. That people have come to rely more and more on television for their information is a fact which we tend to regard as a national embarassment—but it is only embarassing when public television is excluded from the picture.

Americans are busy people—and yet millions of us took time week after week last year to watch the saga of Viet Nam unfold on our public television screens in a presentation that was thoughtfully written, meticulously researched, and neither exploitative of the material nor condescending to its audience. One has only to contrast this with the exploits of "60 Minutes," one of the most successful, prestigious and highly-rated network documentary news shows in its dealings with General Westmoreland and the sensitive issues surrounding the Tet offensive to appreciate the special value of public television in keeping the American nation informed. And yet it is CBS, and not PBS that has the resources and the budgets to spend virtually as much time and effort as its producers and managers desire researching, writing and shaping a story.

It took the producer of public television's Viet Nam series more than half a decade to find the funding he required. When he began, as is so often the case, no one was interested in the subject matter—it was a war and a piece of history that America wanted to forget. And yet he felt that it was a story that had to be told, and that public television was the best place to tell it to his fellow Americans.

As it turns out, he was right—but in persisting, in devoting years of his life to this project, he was taking a risk—a risk which independant producers, working in public television, take over and over again.

As public television is in the vanguard of American broadcasting, so the independant producer is in the vanguard of public television, always pushing a little further into new, unknown territory than the system is willing to chance. Because of this, the independant producer is particularly sensitive to the ambitions and the limitations of the system. Our experience on an individual level is a reflection of the struggles of the system as a whole, although this fact is rarely appreciated. Producers and broadcasters have all too frequently been pitted as adversaries against each other, each fighting for a piece of that small pie, on which both our existences depend.

Independent producers are not indifferent to the pressures, both political and economic, with which CPB, PBS and the individual stations must contend. It is their skill in dealing with these that has kept the system alive and the airwaves open and for that we are indebted. What is unfortunate is that the battles of public broadcasters with those outside threats to their survival sometimes leave them insufficient time, energy and freedom to deal creatively with programming issues.

The insecurities under which public broadcasting of necessity operates make it essential that program production—the aspect of the system with which independant producers are uniquely concerned—be put on some independant, secure basis. It is unfair to blame the central funding agency and the broadcasters for not handling this part of the problem well. They are doing the best they can—the very best that the system, as it is currently structured, allows them to do.

Stations, struggling for survival, are understandably tempted to use programming funds to help cover station overhead. CPB, with one eye on the next authorization bill, and the many political constituencies that may lobby for or against it when authorization time rolls around, can never be totally free in its programming. The authorization process is a two-edged sword. While it insures a certain measure of accountability (of the very sort represented in these hearings), it also guarantees that political skills must be as important to the Corporation and its employees as management and programming skills.

To solve this problem—the problem of providing sufficient programming funds, fairly distributed, going as directly as possible into the hands of those who are concerned exclusively with production (i.e., the independent producers)—I propose a partnership devoted to programming diversity and excellence between the stations and ourselves.

The model for this partnership is already in place in the form of the CSGs—the Community Service Grants—an institution absolutely essential to the stations' survival, and one which they are most intent on preserving. These grants, as you know, provide automatic matching federal funds, up to a certain limit, for every dollar that the stations raise from non-governmental sources. I would like to propose that a similar mechanism be established for independent producers in the form of PPGs—Program Partnership Grants—in which funds raised by independent producers for specific projects, with a specified limitation on overhead, be matched by federal funds in the same automatic way.

Obviously, responsibility for programming must continue to reside with the stations, for legal as well as practical reasons. In the PPG partnership, stations would have to approve treatments and budgets for independently produced programs in advance, and offer some guarantee that if the finished program corresponds, to the original agreement, it will be aired. (To an extent, stations already do something like this in the form of issuing letters of intent to broadcast, which are extremely helpful to independents in raising funds in the local community.) With the PPGs, independent producers in cooperation with local stations could, in a responsible way, become a constant source of the excellent and diverse programs they can now only intermittently supply.

The funding for this partnership must not be at the expense of those hard-won dollars the system so desperately needs simply to function. I propose that they be taken in part from what are now the research and training grant budgets at CPB, and from the Program Fund itself. Research is, of course, important—but in terms of new technologies, public broadcasting does this neither uniquely nor particularly well. It is one area where the networks and other commercial interests, with their enormous resources, do provide a flood of innovations from which all of us benefit. This money would be far more productivity directed at programming, an area in which public broadcasting's innovations are invaluable. Training is also important. Under the PPGs, independent producers would be given bonuses for using traineers on specific projects. The Program Fund should be allowed to retain enough money to support and encourage a few major series, but at least two thirds of the 22 million dollars currently disbursed by CPB for programming should be redirected into the PPGs.

In summary, I would urge that public broadcasting be funded at the highest possible levels. These levels should appropriately reflect its importance to our society—an important commensurate with that of public schools, public libraries, universities and museums, all of which rightly receive the unquestionning support of our national, state and local governments. Ample provision should be made for Programming Partnership Grants, which will promote cooperation between independent producers and local stations, and allow each element within the system to function at its creative best. I am convinced that the wealth of quality programming that will result from this relationship will secure a broad base of public support for the sytem for years to come.

Senator GOLDWATER. Thank you very much.

Ms. Ding.

Ms. DING. Thank you. Mr. Chairman and members of the subcommittee, I welcome this opportunity to represent the concerns of a regional group of independent producers on the west coast regarding new authorization legislation for public broadcasting, and also to offer my own observations as an independent producer who has long been concerned with how to produce quality minority programing in public broadcasting for a national audience.

For the record, the Western Coalition for an Independent Voice in Public Broadcasting, which I am here representing today, is more than 4,600 independent producers throughout the west coast—San Francisco, Los Angeles, Seattle, and Portland. We have joined with the New York-based Association of Independent Video and Filmmakers, AIVF, to express our national consensus regarding what we consider critical to our continuing ability to bring diversity and programs of excellence to public broadcasting.

We are an extremely diverse group, with opinions, feelings, and commitments of every kind, but we agree on a few things as being crucial to our contribution as independents: We agree that autonomy is crucial to an unequivocal definition of independent production.

We agree that there must be a steady funding source unambiguously earmarked for independent productions as defined above.

We agree that review of proposals by a panel of outside experts and peers, and not just reliance on staff, however qualified, promotes a broader base of submissions and a system that is subjectively and objectively about as open and fair as any system can be.

We agree that there needs to be earmarked funds for minority productions, a visible presence on the public broadcast schedule, and greater participation by minorities systemwide.

This concern recognizes that, whatever obstacles and inadequacies independent productions and independent producers face, the problems are compounded for minority programs and minority producers. Minority producers are usually independents and minority productions are usually independent productions.

These are the issues in public broadcasting in relationship to independent producers on which the members of the National Coalition are unanimous, and which we wish the subcommittee to understand as issues involving our survival.

I wish now to comment on these issues from the perspective of my personal experience as an independent producer who has been an independent producer, for half of my 14 years in broadcasting, and the other half a station producer, who has reflected on why I ultimately had to leave the station to do my work. The stories of other station producers explaining their departures are similar.

I was at a flagship station as a full time producer-director for 7 years, cofounding a community access production unit and broadcast service there, Open Studio, which collaborated with communities and organizations to produce programs which would otherwise not have been done about them. Nine of my programs—a 10th upcoming this fall—have been an PBS. I know something about what it is to deal with CPB and PBS—to seek funding, serve on panels, read for proposals. But I am especially familiar with the major obstacles to national carriage of minority programs.

On the policy front in 1978–79 I was part of a CPB board-initiated National Minority Task Force, commissioned to look into the overall status of minority employment and minority programing in public broadcasting systemwide. For 18 months we evaluated public broadcasting facts and figures and gathered testimony from public hearings held in five cities. The findings with recommendations were published in CPB's publication, "Formula For Change," 1979.

Many of the members of that task force were openly skeptical from the outset about the prospects for making any kind of difference with those findings, especially inasmuch as two other task forces had already been convened before and had recommendations, which had also not been followed. The skeptics were largely right, very little changed.

However, in serving on that committee I had a chance to meet many other producers, minority producers in many cities, and for me it confirmed some impressions and several conclusions. I offer them for the subcommittee's consideration.

First, one of my conclusions is that public television stations are quite good training grounds for minority producers, but they are not good sources of good minority productions, minority programing. Quality minority programing tends to be an independent production for both producers who are minority producers producing those minority programs as well as nonminority producers who are producing minority programs.

Clearly, the stations are not producing good minority programs even by their own lights. The 1983 CPB annual awards for achievement in station local production is a case in point. This was an occasion when the public broadcasting was giving awards for distinction in local productions, and they were able to give an award in every category—children's, public affairs, entertainment—every category except one. That category was "Special Interest and Minority Programming."

I asked the program manager what that was due to, and he just shrugged his shoulders and said the jury did not find any minority program of sufficient worth to merit an award. And I think that that itself is a question to be answered: What are the reasons why this condition obtains in PTV stations? Why are stations able to do some good local productions, but not able to do any good minority local productions?

I have some other considerations that are in my paper which I have submitted to you, and I see my time is running out. I will go briefly to my last two points, the main arguments are inside the paper submitted.

I believe that if we are to have quality mincrity programs on the public airwaves, there must be a steady, secure funding source for independent minority programing from CPB. We are talking about a population, racial population of minorities, which is 25 percent at this time, and I think we have to answer why we do not find their sustained and regular presence on public broadcasting. Token appearance is not enough.

And I am particularly concerned when we consider that in the past even on PTV there have been series, in other words some kind of sustained presence, such as "Soul" and "Black Perspectives on the News," and "Realidades." We no longer have that. I believe we have to understand what this is due to and how to address it.

I am further also convinced that unless we do set aside specific funding which is for independent production and specific funding which is for minority independent production, based on some kind of acknowledgment and explicit valuing of the programatic needs, that it is a natural bias for all the production money really to flow to the stations. And this is an unfortunate situation, but I think we have to face it squarely and say that that is the natual bias, and that if we do not want this to happen then we have to set it up differently.

I would like to close in saying that since 1978 the independents have worked very hard to exercise what we believe—the right that we believe we have and the responsibility we believe we have to bring our many voices and presence to public broadcasting. You here in Congress have reaffirmed through the 1978 legislation a legitimate place for independents in the public broadcasting community.

We have been pressing public broadcasting to accept this, to accept us in our rightful place in that community. We have a lot to say, a lot to give. We will exercise our responsibility well.

There is much to be done, and we urge you not to think that all is well for another 3 years. We will need your continued attention and support, particularly in the coming year, and we will have to come back to you.

We greatly appreciate this opportunity to present these concerns to you I would also like to have the opportunity later to submit some additional documentation which I was not able to supply at this time. Thank you, Mr. Chairman.

[The statement follows:]

STATEMENT OF LONI DING, INDEPENDENT PRODUCER, IN BEHALF OF WESTERN COALITION FOR AN INDEPENDENT VOICE IN PUBLIC BROADCASTING

Mr. Chairman and Members of the Subcommittee, I welcome this opportunity to represent the concerns of a regional grouping of independent producers on the West Coast regarding new authorizing legislation for public broadcasting, and also to offer my observations as an independent producer who has long been concerned with how to produce quality minority programming in public broadcasting for a national audience.

For the record, the Western Coalition for an Independent Voice in Public Broadcasting is more than 4,600 independent producers throughout the West Coast—San Francisco, Los Angeles, Seattle and Portland. We have joined with the New York based Association of Independent Video and Filmmakers (AIVF) to express our national consensus regarding that we consider critical to our continuing ability to bring diversity and programs of excellence to public broadcasting. West Coast producers take justified pride in winning more than their share of production grants in national competition, and in creating programs of significance that have earned recognition and awards, national and international (see appendix). We are an extremely diverse group with opinions, feelings, and commitments of every kind but we agree on a few things as being crucial to our contribution as independents:

We agree that autonomy is crucial to an unequivocal definition of independent production (see appendix).

We agree that there must be a steady, secured funding source unambiguously ear marked for independent productions as defined above.

We agree that review of proposals by a panel of outside experts and peers, and not just reliance on staff, however qualified, promotes a broader base of submissions and a system that is seen as open and fair.

We agreed that there needs to be earmarked funds for minority productions, a visible presence on the public broadcast schedule, and greater participation by minorities system-wide. This concern is in recognition that whatever obstacles and inadequacies independent productions and independent producers face, the problems are compounded for minority programs and minority producers. Minority producers are usually independents.

These are the issues in public broadcasting in relationship to independent producers on which the members of the National Coalition are unanimous, and which we wish this Subcommittee to understand as issues involving our survival.

I wish now to comment on these issues from the perspective of my personal experience as an independent producer who spent the first half of a career as a station producer, and who has listened to stories of other station producers explaining why they felt they ultimately had to leave the station, and "go independent" in order to do certain kinds of programs, especially quality minority programs.

I speak as someone who has been associated with public broadcasting for 14 years in several areas: first, primarily as a staff producer director with one of public television's flagship stations for 7 years; also co-founder of a community access production and broadcast service at that station, Open Studio, which over 7 years, produced 700 half hour programs with the widest array of communities, organizations, and individuals, whose voices would otherwise not have been heard. Most of the programs were respectable, and several won EMMYS. Nine programs I found funding for, produced and directed have been on PBS, and my latest program on the Japanese American soldier in WW II will be aired Fall, 1984 on PBS. Along the way I became familiar with PTV's panel process, canvassed funding sources outside PTV and wrestled with PBS for national carriage.

In 1978-79 I served on a national task force initiated by CPB's Board to study the status of minority employment, and minority programming in public broadcasting thru research and public hearings in 5 cities. The findings with recommendations were published in CBP's publication of "Formula For Change". Many members of the Task Force were openly skeptical from the offset about the prospects for making a difference with our findings, especially inasmuch as two similar task forces had been convened with recommendations which had not been acted upon. The skeptics were largely correct, very little changed. However, serving on the committee and meeting minority producers of different ethnicities, in different cities acted to confirm my conclusions. I offer them for the Subcommittee's consideration.

Public TV Stations are good training grounds for minority producers, but are not sources of good minority programing. Quality minority programing tends to be independent productions (for both minority and non-minority producers). Clearly, the stations are not producing good minority programs even by their own lights. The 1983 CPB annual awards for achievement in station local productions are a case in point. Awards were given for distinction in every category of program type (public affairs, cultural, children, etc.) except one: Special Interest and Minority Programs. When asked why this was, the Program Manager replied that the jury did not find any minority program good enough to be worthy of an award. This was said with a shrug requiring no further comment or thought. Why was this. Were the same production resources available to a locally produced minority program as for other programs? Was it lack of interest on the part of the producer? Was it lack of interest on the part of the jury? Are minority producers too inexperienced? Was the jury applying too stringent a standard? Did the jury understand the program? Are minority programs regarded as not of interest except to a targeted minority audience? Did the jury expect it to be poorly done? Are the staff minority producers ambivalent about doing minority programs for fear of being pigeonholed and dead-ended? Is the autonomy and special sensitivity of the minority producer to a minority subject matter respected, or does everybody presume (in their casual ignorance) that they know as much as he does, and tell him how to do it? If a minority program is done well, is it recognized as other programs are?

Does the station feel that because very few of their subscribing members are minorities, therefore there is no obligation to produce or program to them or about them? Is the station's membership perceived as upscale in interests and tastes, and specifically not interested in minorities (sometimes seen as synonymous with the poor). These questions relate to matters having to do with the general denigrated status of racial and ethnic minorities found in the larger society that also find their expression in the relative status of programs and producers associated with them in the industry. Also, stations, mindful of their precarious finances are not in a position to take chances. For all of the above reasons, and some others not named, minority programs, done in depth and with substantial funding require exceptional commitment and single-mindedness to find the funding and complete a program, the broadcasting of which is not assured. The pattern with minority programs is known: limited, one-shot funding, no promotion, terrible scheduling. The only parties reliably known to have the intensity of interest (because it is "their" idea) and even obsessiveness to overcome these obstacles and maintain a creative relationship to the production process, are independents, especially minority independents. I can think of two minority producers (Carol Lawrence, Nguza Saba, with her series "Were You There", and Curtis Choy with his "The Fall of the I Hotel") each of whom had to sustain their interest for 6 years to complete their respective works. No station producer would do that, no station would permit that, operating as they do on day-to-day management considerations, and not extraordinary outlays of effort for which there are not commensurate returns.

If we are to have quality minority programs on the public airwaves, there must be a steady, secure funding source for independent minority programming from CBP.

For reasons already stated the major corporate sources of PTV, Exxon, Mobil, Gulf Oil, the Ford Foundation, for example, are unlikely to fund minority programs. The funding must come from public monies, beginning with the CPB Program Fund. Given that minorities (Blacks, Asian Pacifics, Hispanics, Native Americans) are according to the 1980 census, now 25% of the population, we can hardly leave the question of how they will find their presence reflected in the mainstream media to mere chance. We speak of a steady presence, not a 'token' presence, a concern that arises when one considers that minority programs even when adequately funded are one-shot grants. We have come down from a time when there were minority series on PTV, such as "Soul", "Black Perspectives on the News", and "Realidades". Public broadcasting must address the question of why minorities are not a regular presence in PTV, as they obviously are in everyday life, and make the necessary changes.

Unless there is a plan for dedicating funding specifically to independent production, and minority independent production, the natural bias is for production funds to flow to the stations.

It becomes necessary to acknowledge that there is some unavoidable competition between independents and stations for the same production dollars and for favorable air time. Stations are structurally in a regularized relationship to CPB, receiving as they do, not only their Community Service Grants, PBS funding, and Station Production Consortia grants, but the everyday reality of their contacts and exchanges in joint activities. There has to be a high degree of consciousness, commitment to the independents, and procedures to assure that station priorities, station pressures do not always prevail. This is not to say that an individual independent producer could not creatively work with or for a station production, but that is not the same as independent producers being provided with funding sources for independent productions which are on-going, systematic, and stable.

Since 1978 independents have worked very hard to exercise the right that we believe we have and the responsibility we believe we have to bring our many voices, and presence to public broadcasting. You here in Congress have reaffirmed thru the 1978 legislation a legitimate place for independents in the public broadcasting community. We have been pressing public broadcasting to accept this, to accept us in our rightful place in that community. We have a lot to say, a lot to give. We will exercise our responsibility well.

There is much to be done. We urge you not think that all is well for another 3 years. We will need your continued attention and support, particularly in the coming year. We will have to come back to you.

I greatly appreciate this opportunity to present these concerns to you.

Senator GOLDWATER. Thank you very much.

I have a few questions. I think any one of you can answer. In your negotiations with CPB, what do you think should be the role of television stations? I ask that because I believe they are the ones who must finally decide which shows are broadcast.

Mr. SAPADIN. When we first began discussing informally the possibility of face to face negotiations, AIVF requested that NAPTS and PBS be represented, and indeed in our first meeting about 1 month ago Peter Fannon from the station group and someone else who I do not recall offhand from PBS were present.

We think that our goal as producers is to have our work reach the public. We feel that very sincerely and very honestly, and we would like to welcome the full involvement in his kind of discussion of the station representatives.

Ms. MOTZ. I would like to speak to that point. I think a distinction has to be made between programing and program production. And just as it is rather inappropriate for CPB to do programing and more appropriate for the stations to do it, it really is more appropriate for production to be in the hands of independent producers, the people who actually are concerned with getting the shows made.

In the partnership that I have outlined, the stations would actually have to approve the programs. They would retain programing control. But once they had given their approval, they would not have any fiscal control. The money would go directly into the hands of the independent producers.

In that way, no production funds would go off the top for station overhead. It is an understandable temptation on the part of the stations. They are struggling to survive. Production funds tend to leak those funds off into overhead. So I think you have to have a partnership where they decide the programing, but they do not control the production.

Senator GOLDWATER. Of course this whole problem gets back to money. And I am wondering how much it would cost for you producers to produce enough variety so that the television stations could say: Well, I have seen this and I have seen that, but I will buy this.

That is not exactly the way it works today is it?

Ms. MOTZ. No. Well, what I was suggesting was actually putting us on the same basis as the stations in terms of the CSG's. I mean, the CSG's have been an incredible incentive to stations to raise funds.

In my position, if I raise, let us say for a $250,000 production, $150,000 from corporations and foundations, I do not get a Federal match. But if my show goes on the air and the public likes the show, their dollars get mailed into the station, they do not get mailed to me.

I am asking—and for the very same reasons that the stations felt that CSG's had to be legally mandated—that we be legally mandated with a provision for matching funds in the same way. The stations were not content just to have an agreement between themselves and CPB for the CSG's.

Senator GOLDWATER. Are you required to follow any certain format now in providing films for public use?

Ms. MOTZ. Well, yes, there are certain broadcast standards and broadcast formats you have to conform to, time, length. I mean, it has to be prepared in a certain format, yes. But that is not a problem.

Senator GOLDWATER. But you are continuing to negotiate with one corporation are you not?

Mr. SAPADIN. At the moment the status of those negotiations is unclear. I received word just this weekend and saw a letter from the corporation only this morning which represents a substantial rejection of what had been agreed between the independents and CPB staff.

What the next step is is not entirely clear to me.

Ms. MOTZ. The issue is essentially that CPB says they cannot give up their programing discretion. In other words, they insist on the right to be making programing decisions, essentially, and that is what they are saying. And I do not object to that on a certain basis.

But I think that in addition to that—and that may be necessary for certain large shows—there should be definitely a fund that goes directly into the hands of the production entity, just as there are funds that go directly into the hands of the stations.

Senator GOLDWATER. As I gather, you have had these problems with CPB for some time.

Ms. MOTZ. Years.

Mr. SAPADIN. And I might add, we have heard a lot today from CPB about the need for discretion on their part, and I think that what you are hearing from the independent community is that independents have for a long time felt they were the victims of CPB's discretion.

I think that, just as in 1981 the allocation formula was developed to avoid the fractiousness and the infighting within the system, I think it is time for Congress to seriously consider going that last step and creating an allocation for independent production. I think that would go a long way toward eliminating this kind of festering dispute.

Senator GOLDWATER. Well then, of course, you get into the question of what is an independent production?

Mr. SAPADIN. Well, the statute currently has a definition of independent production which speaks of nonaffiliation with a station, essentially, telecommunications entity. And the legislative history of the statute underscores the interest in the smaller independent as being the person, the producer who brings that kind of diversity into the system.

We are fairly comfortable with that definition. Issues have arisen concerning editorial control, which are dealt with at greater length in my statement.

Senator GOLDWATER. What is your definition of minimum programing.

Mr. SAPADIN. Well, you mean in terms of an allocation for independent programing?

Senator GOLDWATER. Yes.

Mr. SAPADIN. The legislative history to the 1978 act reflects an intention on the part of the drafters of the House bill, which formed the general framework of the resulting bill, as being a minimum of 50 percent of the CPB program production fund.

We believe the concept was that independent production not be a marginal aspect of the public TV schedule, but that it inform and fill the schedule in a very meaningful and substantial sense, and it is for that reason that we continue to be of the view that 50 percent should be the kind of an allocation set for independent production.

Senator GOLDWATER. I have just one more question for Ms. Ding. You say in one of your listed agreements. "We agree that there needs to be earmarked funds for minority productions."

Do you mean by that a production directed only at a certain ethnic or nationality group?

Ms. DING. No, I do not mean minority programing in the sense of a narrow targeted audience. I believe that CPB's money has to be for a national audience, and I believe it is a stereotype that has construed minority programing or programs which are about certain constituencies, certain groups of people—their way of life, their issues, their concerns, their history, their experience—has construed those kinds of programs as necessarily narrow and of limited interest only to particular audiences.

So that for instance, a station in Duluth, Minn., if it were to assume that minority programing is only for target audiences, could say: I do not have any blacks or Asians in my community, so this program about blacks or Asians would not be of interest to my viewership.

That is a particular viewpoint which I think is wrong and in fact has turned out to be wrong, because we can demonstrate that programs which seem to be about a particular group, which are about a particular group, if they are done well and they are about a human experience, they are absolutely accessible and of interest to anybody. It is a matter of whether they are done well or not.

So I am not talking about minority programing as targeted audience programing, no.

Senator GOLDWATER. I asked that because I do not know how we could have any general agreement or rule on that. We have a great diversity of minorities. For example, in my State about 4 percent of our people are black, about 14 percent are Mexican, and about 16 percent are Indian. If you tried to use that kind of a formula in New York or Pennsylvania, you would be lost.

Ms. DING. I do not know whether it is a matter of a percentage formula so much as it is a matter of making decisions concerning programing priorities. For example the CPB Board recently decided that children's programing was a priority, a very important commitment that public broadcasting wanted to make. They then went ahead on the basis of that perceived commitment to earmark funding for childrens programing, specifically and unambiguously. And that is all I am really talking about. Percentages are a way of trying to achieve specificity and lack of ambiguity concerning programing priorities.

Senator GOLDWATER. I was in New York over the weekend and I was surprised at the number of Puerto Rican programs, programs in Spanish. We have one or two stations here that broadcast in Spanish.

I think it is a good point, but I have been very impressed when I visit television stations around this country at the number of what you call minority groups that are represented, not necessarily in the production. But within the producing end at the station—the manning of the cameras, the manning of the cables, and so forth and so on.

Ms. DING. I think, Senator, that the reason to have minorities, say, as producers or in the production crew is really because there is a presumed connection between personnel and program sensitivity. For me the bottom line really is the image that finally gets on the air, the programing, the actual presence in image and sound of the concerns and experiences of these minority people.

Thus, the presumption is that if you have those kinds of people on the crew or as producers, you are more likely to get sensitive, authentic productions. That is the presumption. And I think that there is good reason to believe that the ethnicity of a production crew is postively related to the production of ethnic programs.

But the bottom line is not jobs, so much as the actual presence or absence of ethnic or minority images in our airwaves; are they there or are they not? I think we can say that these ethnic and minority images are basically not there, they are not present in the programing seen on public broadcasting. That is a major problem we need to address.

Senator GOLDWATER. Well, I think you make a good point here, and I hope you can continue with your discussions with that point in mind.

I might end by saying that I am very, very impressed in my own State with our three college stations. They turn out almost all of the production crews of our television stations. You go back in the backroom and ask them where they studied and it is one of the these three colleges. And our minorities are very, very well represented.

Well, I want to thank all of you folks for coming today. You have been very helpful. We will continue working as hard as we can All you have to get your Congressman and give him a little boost, and it might help.

Thank you. The meeting will be adjourned.

[Whereupon, at 11:50 a.m., the subcommittee was adjourned.]

ADDITIONAL ARTICLES, LETTERS, AND STATEMENTS

STATEMENT OF DAVID J. MARKEY, ASSISTANT SECRETARY FOR COMMUNICATIONS AND INFORMATION, U.S. DEPARTMENT OF COMMERCE

FOREWORD

Federal tax-based support of U.S. public radio and television operations in 1982—the most recent year for which definitive figures are available—accounted for about 23 percent of total public broadcasting system income. Federal tax dollars were disbursed basically through three programs. First, by far the largest share was appropriated directly to the Corporation for Public Broadcasting (CPB) and transferred to stations through "community service grants." Second, a diversity of Federal agencies made grants to public stations chiefly in aid of program development. The National Science Foundation, for example, long has underwritten part of the costs of public television's Nova series. Third, through the Public Telecommunications Facilities Program (PTFP) matching grants were made in aid of public broadcasting's capital plant expansion. Since 1978, the PTFP has been the responsibility of the National Telecommunications and Information Administration (NTIA). The PTFP is thus the principal focus of this statement.

HISTORY OF THE FACILITIES PROGRAM

The PTFP was established by Congress as a temporary program in 1962. The Federal Communications Commission (FCC) had authorized public, noncommercial broadcasting in 1951, pursuant to section 307(c) of the 1934 Communications Act.[1] In 1962, however, there were only some 74 public television station licensees in operation (compared with about 174 licensees operating 294 stations today). The facilities program was created to assist in establishing the capital plant by which public broadcasting service could be distributed nationwide to a greater percentage of the American public. The program achieved significant, early success and the number of public stations rapidly increased.[2]

The facilities program was administered by the Department of Health, Education, and Welfare until 1978. The 1978 Public Telecommunications Financing Act (Public Law 95-567) transferred the program to NTIA. Prior to 1967, only noncommercial television operations generally received matching capital grants; that year, however, noncommercial, public radio operations were made eligible for PTFP grants.[3] The 1978 legislation broadened grant eligibility criteria, shifted priorities to stress "first service" to unserved areas, and authorized appropriations of $40 million a year for three years. For fiscal years 1979 through 1981, however, actual appropriations amounted to about half the maximum authorized.

The facilities program was reauthorized under provisions of the 1981 Public Broadcasting Amendments Act, enacted as part of the 1981 Omnibus Budget Reconciliation Act (Public Law 97-35, sections 1222, 1223). Appropriations declining from $20 million for fiscal year 1982 to $12 million for fiscal year 1984 were authorized. In addition, the 1981 legislation made minor changes in the law primarily in respect of the permissible use of facilities funded under the PTFP.

In fiscal year 1981, NTIA awarded 161 PTFP grants totaling $19.6 million. In fiscal year 1982, we awarded 120 grants for about $18 million in aggregate to public telecommunications entities in 44 states and Puerto Rico. In fiscal 1983, 88 grants for about $15 million were awarded. Detailed and extensive information regarding these awards is set forth in the reports NTIA is required under the 1978 legislation to submit annually. At present, we are reviewing 325 grant applications totaling about $17 million which were submitted to the PTFP for consideration during the fiscal year 1984 funding cycle.

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[1] See "Educational Television Allocations", 7 P. & F. Radio Reg. 371, 380 (1951). While section 307(c) of the act has since been repealed, the FCC's authorities under section 307(b) are essentially the same.

[2] See H. Rept. 90-572, reprinted in Pike & Fischer Current Service at p. 10:523.

[3] While virtually all noncommercial, public radio operations are eligible for PTFP grants, it should be borne in mind that about 75 percent of the Nation's 1,307 public radio stations get little or no direct Federal operating support. CPB grant eligibility criteria generally restrict funds to the large public radio stations most of which are members of National Public Radio.

TERMINATING THE FACILITIES PROGRAM

NTIA and the Administration continue strongly to recommend terminating the Facilities Program. We also are opposed to proposals to alter the PTFP and convert it into an equipment repair and replacement program.

The PTFP, first, has essentially accomplished its stated goals of ensuring the nationwide availability of public broadcasting services to the American public. When the projects we have funded are completed, public television service will be available to about 96 percent of the public, and public radio service to about 81 percent. In the case of public television, this saturation level compares favorably with the 98 percent audience reach claimed by the commercial television industry.

Since virtually all significant population centers in the country are now well-served by public television and public radio stations, continuing the PTFP with its emphasis on extending service will necessarily entail inefficient use of scarce Federal tax dollars. At present, a large number of those few areas yet unserved have population densities far below the national average. Grants made to establish stations in these very sparsely populated regions are thus subject to the economic law of diminishing returns.

Consider, for example, large areas of North Dakota, South Dakota, Wyoming, and Montana, which have population densities of about 3 persons per square mile. If we were to continue to fund construction of "full-service," CPB-qualifies public radio stations in these locales, the costs per listener potentially reached would not only be very high but the potential audiences for such stations would be so small that there is little likelihood the stations involved could ever be self-sustaining.

Actual figures were provided to the House Telecommunications Subcommittee in 1982 and have not appreciably changed. Constructing a "first-class" public radio station and transmitter costs about $500,000. Such a station in an area with a population density of about 3 persons per square mile could provide good technical quality service to only about 6500 persons. This amounts to a capital investment of about $75 per person. The average annual operating costs of a National Public Radio (NPR) station, moreover, are about $200,000. What this means is that it would cost a minimum of $30 per person per year simply to operate such a remote rural station.

These figures demostrate that in order for us to provide "first-class" public radio listening options in the few remaining, yet unserved rural areas the subsequent operating alone costs are comparable to the cost of providing cable television service in the typical suburban area. At present, for example, it costs the cable television industry about $90 a year to provide basic cable service to the average suburban household (comprising about 2.8 persons). In other words, for about what it takes in Federal tax dollars to provide each household a public radio option in remote rural areas, the Government could provide the average suburban household with "free", multichannel basic cable television service.

We strongly oppose changing the PTFP from a capital grant, "seed money" program to an outright operating subsidy program as some have recommended. This program was founded on the assumption that communities required some Federal taxbased support to aid in establishing public broadcasting facilities. It was never intended that PTFP funds be made available to facilitate routine replacement and repair of ordinary equipment and other capital plant components. Such expenditures properly constitute part of the operating costs of a station and, as such, should not be borne by Federal taxpayers in general. If a local station has in fact served its community and provided a valued listening or viewing option, it should be able to muster the funds needed to sustain its operations. Put another way, we do not believe it an appropriate role of the PTFP to provide operating subsidies to stations that enjoy so little community, non-Federal support as to be unable to meet routine equipment maintenance and replacement expenses.

Converting the PTFP into an operations subsidization program is undesirable given certain structural characteristics of the public broadcasting system. In conjunction with the recently concluded "advertising demonstration program" conducted under the auspices of the temporary Commission on Alternative Financing for Public Telecommunications, for example, the staff of the Mass Media Bureau of the FCC conducted a review of public television station predicted signal overlaps. This review, conducted in 1982, found that:

56 stations, or about 18 percent of all then-operating public television stations, had predicted signals that overlapped from 0 to 25 percent;

48 stations, or 17 percent, had signals that overlapped between 25 to 50 percent;

52 stations, or about 17 percent, had 50 to 75 percent overlap;

55 stations, or 19 percent, have 75 to 95 percent overlap; and,

77 stations, or 27 percent, have signals that overlap from 95 to 100 percent.

What these figures show is that of 288 public television stations then operating, the signal coverage area of 184 stations, or about 64 percent, overlapped between 50 to 100 percent. Indeed, the largest single category was 95 to 100 percent overlap. Although comparable signal overlap figures for public radio have not been made public, it is likely a similar pattern of very substantial duplication prevails.

While many of these stations competing for public television's audience may not duplicate programming at all times, in major markets public television stations usually do duplicate their broadcast services during peek veiwing periods. When FCC rules governing mandatory carriage of over-the-air television stations are taken into account, it becomes clear that many if not most Americans today receive a substantial number of duplicative public broadcasting service signals. Providing PTEP funds to maintain this extraordinary level of service duplication does not constitute an efficient or desirable expenditure of scarce Federal tax dollars.

Given the development of new mediums and their potential for program delivery, converting the PTEP into an operations subsidy program is unnecessary. At present, for example, the nationwide maximum potential cable television audience is estimated to exceed 60 million Americans. New video signal distribution mediums including multipoint distribution service and direct broadcast satellite service are developing rapidly. The development of these new distribution mediums and the proliferation of specialty programming catering to particularized viewer interests and needs has been slowed in recent years by the downturn in the economy generally, which has also affected other commercial and industrial developments. In light of the present upsurge in the economy, however, and reasonable projections that this upsurge will be sustained, the rapid growth of new mediums and new services is likely to resume. Given these factors, it makes little sense to allocate scarce Federal tax dollars to the maintenance of facilities whose services are available through other mediums or other stations and require Federal operating subsidies because they are unable to command sufficient local community support.

CONCLUSION

The PTEP has accomplished its original objectives. Continuing the program unchanged and thus establishing facilities that provide service options only at a very high cost is highly undesirable. Altering the program to provide for the disbursement of scarce Federal tax dollars for routine equipment maintenance and replacement is also highly undesirable. Accordingly, we strongly urge the Subcommittee to support the Reagan Administration's recommendations and promptly to terminate the facilities program.

Statement of Sherry Jones, Independent Producer

I am pleased to testify in support of S. 2436. The survival of public television is important to all of us. I wqnt to thank Chairman Goldwater, as well as Senators Stevens, Pressler, Hollings, Inouye and Ford for taking a vital initiative to preserve the independence and excellence of public television.

My name is Sherry Jones. I am an independent producer; I have worked with public television on a number of programs and series. Among my productions are three programs for "Bill Moyers' Journal" two segments of the "1982 All Things Considered Television Special" and a documentary, "Who's Keeping Score?" concerning the controversy over minumum competency testing in the schools which was produced for the Southern Educational Communications Association (SECA). I have also produced three documentaries for "Frontline"—"Pentagon, Inc." and "Who Decides Disability?" both of which aired in 1983, and "The Campaign for Page One" looking at the political press and the Presidential nominating process, which aired the night before the New Hampshire primary this year. During 1984, I will be producing other documentaries for "Frontline" as well as working with the series on a consulting basis as a senior producer for other political programs to be aired during the year.

I would like to discuss two specific issues: (1) The question of editorial control of a documentary series; and (2) my view of my relationship with "Frontline" as an independent producer.

Some argue that total editorial control—from inception of the project to delivery of the final cut—must remain in the hands of the independent producer if the program is to be truly independent.

I do not share the notion that a producer's integrity can only be safeguarded if he or she works without editorial supervision. I believe that good filmmaking is often the essence of interdependence; success depends on one's openness to the suggestions and evaluations of others. I believe that good journalism requires editors; success depends not only on the honesty and rigor of an investigation, but also on its fairness.

The notion of an independent producer working without editorial supervision is without analogy anywhere else in journalism. Questioning a producer's research, testing assumptions, and bringing a fresh eye to a work in progress are vital and constructive functions of an editor in any journalistic medium. There are, of course, bad editors, just as ther are bad reporters. But, I believe public television's Eliminating the executive editor or executive producer runs counter to the stated goal of supporting encouraging good documentary journalism.

There are practical problems for an independent producer as well. It is the local stations, not CPB or PBS, that determine whether a program airs at a reasonable hour, or if it is shown at all. If there is uncertainty about a program's journalistic integrity, particularly where controversial subjects or the Fairness Doctrine is involved, the stations will exercise extreme caution in deciding whether or not to air a program. The guarantee of a rigorous editorial process is also often the guarantee that a program will be seen.

Although I had produced a good number of programs aired on public television before I produced for "Frontline," these documentaries never received anything close to the audience that watches "Frontling." Every one of the three "Frontline" documentaries is very much my own production; I did the initial thinking and research on the ideas and stories, and took those ideas to "Frontline."

When "Frontline" enters into a co-production with an independent producer, the producer alone manages the program's budget. I hired the staff and crews of my choosing and was in full control of production; I determined which elements of the stories were committed to film or tape. Only at the rough cut stage did a "Frontline" staff person first view my documentaries, and any changes made at that point were made by me in consultation and agreement with "Frontline," not under its orders. I wrote each of the documentaries. In my experience, "Frontline" provides support: Financial support to guarantee that a documentary will be completed; editorial support to guarantee that it will be broadcast; and promotional support to guarantee that my documentary will be carried in prime time throughout the public television system, and seen by the largest possible audience.

In this second season of "Frontline," eighty-five per cent of the funds it commits to new films will go to independent producers. By the end of this year, "Frontline" will have broadcast 48 public affairs documentaries, with an average audience of ten million people. Among the independent producers whose works will have been broadcast are Mark Obenhaus, Wayne Ewing, Martin Koughan, Ofra Bikel, Robert Drew, Irv Drasnin, Michael Schwartz, Steve York, and Foster Wiley. I believe "Frontline's" approach represents an effective and appropriate method of getting documentaries independently produced and seen on public television.

Over the years, independent producers and public television have accomplished a great deal together. The bill under consideration today, S. 2436, will continue to make those accomplishments possible—providing more support for documentary work in a variety of formats and series, and allowing a variety of those of us who call ourselves independent producers to contribute to the richness and diversity that is public television.

Thank you.

NTRB,
North Texas Radio Reading Service, Inc.,
Dallas, Tex., March 19, 1984.

Hon. Barry Goldwater,
Chairman, Subcommittee on Communications of the Senate Committee on Commerce, Science, and Transportation, Washington, D.C.

Dear Senator Goldwater: I would like to express strong support for increased funding for the Corporation for Public Broadcasting.

CPB has been a valuable ally to radio reading services, in their efforts to bring the printed word to the handicapped. I strongly urge Congress to provide the funding necessary to assist CPB in their service of all segments of the public interest through public broadcasting.

Sincerely,

CONNIE HENLEY,
Station Manager.

GOLDEN HOURS, INC.,
Portland, Oreg., March 20, 1984.

Hon. BARRY GOLDWATER,
Chairman, Subcommittee on Communication of the Senate Committee on Commerce, Science, and Transportation, Washington, D.C.

DEAR SENATOR GOLDWATER: This Portland, Oregon Private Non-Profit Radio Service, supports the letter of March 14, 1984 sent to you by the president of the Association of Radio Reading Services, requesting your support for increased funding for the Corporation for Public Broadcasting.

We here in Oregon try very hard to provide a worthwhile service to a most deserving audience, as do all the similar services throughout the nation. Since the Corporation for Public Broadcasting and National Public Radio are a help to radio services such as ours, we are hopeful CPB and NPR receive the funding they need.

Thank you for your consideration.

Most sincerely,

GRAHAM ARCHER,
Executive Director.

U.S. GENERAL ACCOUNTING OFFICE,
Washington, D.C., March 22, 1984.

Mr. DANIEL PHYTHYON,
Senate Subcommittee on Communications,
Washington D.C.

DEAR MR. PHYTHYON: Enclosed is our statement [1] for presentation to the subcommittee on March 26, 1984. As discussed with you, this statement is identical to the testimony we presented on February 10, 1984 to the House Subcommittee on Oversight and Investigations of the Committee on Energy and Commerce.

Very truly yours,

FREDERICK D. WOLF, *Director.*

ZIPPORAH FILMS,
April 6, 1984.

Senator BARRY GOLDWATER,
Senate Subcommittee on Communications, Hart Senate Office Building, Washington, D.C.

DEAR SENATOR GOLDWATER: I am an independent film-maker whose documentary films have appeared regularly on Public Television. I have been doing a series of films on American institutions and am writing to you because of my concern about the way in which the Program Fund of the Corporation for Public Broadcasting operates.

My documentaries are a series of inter-related, thematically connected films looking at the principal institutions of American life over the last seventeen years. The fifteen completed films are: a prison for the criminally insane, "Titicut Follies"; a high school, "High School"; a police department, "Law and Order"; a hospital, "Hospital"; army basic training, "Basic Training"; a monastery, "Essene"; a juvenile court, "Juvenile Court"; a primate research center, "Primate"; a meat packing plant, "Meat"; a welfare center, "Welfare"; Americans living and working in the Canal Zone, "Canal Zone"; an American early warning station in the Sinai desert, "Sinai Field Mission"; war games in West Germany, "Manoeuvre"; a model agency "Model"; the Neiman-Marcus main store and corporate headquarters, "The Store"; and a work in progress about a racetrack, "Racetrack." My long range goal is to have a film record of the major institutions important for the functioning of our society.

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[1] The statement is in the committee files. See the House printed hearing record.

These films have been shown in prime time on Public Television and have attracted large national audiences. For example, my most recent film, "The Store," was the sixth most popular film in prime time for the week it was broadcast.

I am enclosing [1] a more detailed description of the films I have made as well as a personal resume.

I believe that the Program Fund of CPB as it is presently staffed and run can produce only medioocre programming. I discuss my reasons in the three statements I have made to the Board of CPB which I am enclosing. My comments can be summarized as follows: (1) there is no person on the staff of the Program Fund that an experienced film-maker can talk to about a film project with any confidence that either substantive content issues or technical film problems will be understood and (2) that the panel process which is used for decision making means that no one is accountable or responsible for programming decisions. I would like you to include my three statements to the Board as well as this letter as part of your committee's record and report.

The points of view expressed in my statements to the Board are shared by many presidents and station managers in Public Television. They are silent out of fear of jeopardizing their chances for funding and by their efforts to make private deals with the Program Fund. I believe many of these people would, if asked in the appropriate congressional forum, speak out on these issues.

I would be glad to discuss these matters further with you or your staff any time at your convenience.

Sincerely,

FREDERICK WISEMAN.

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[1] The enclosures are in the committee files.

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